

**MILLBURN TOWNSHIP  
SCHOOL DISTRICT**

**Millburn Township School District  
Millburn, New Jersey**

**Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2015**

**Comprehensive Annual  
Financial Report**

**of the**

**Millburn Township School District  
Board of Education**

**Millburn, New Jersey**

**For the Fiscal Year Ended June 30, 2015**

**Prepared by**

**Millburn Township School District  
Board Office**

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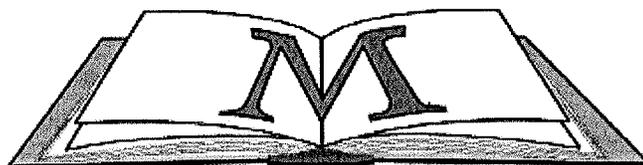
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INTRODUCTORY SECTION



**Millburn Township Schools**  
**434 MILLBURN AVENUE, MILLBURN, NJ 07041**

Office of the Business Administrator  
 Telephone 973-376-3600 x156  
 FAX 973-376-2363

December 3, 2015

The Honorable President and Members of  
 the Board of Education  
 Millburn Township School District  
 County of Essex, New Jersey

Dear Board Members:

The comprehensive annual financial report of the Millburn Township School District (the "District") for the fiscal year ended June 30, 2015, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (the "Board"). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the basic financial statements and results of operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the Independent Auditors' Report, the management's discussion and analysis, the basic financial statements and notes providing an overview of the District's financial position and operating results, and supplementary schedules providing detailed budgetary information. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*, and the New Jersey's OMB Circulars 04-04 and 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the auditors' reports on internal control and compliance with applicable laws, regulations, contracts and grants along with findings and questioned costs, are included in the single audit section of this report.

1) **REPORTING ENTITY AND ITS SERVICES:** The Millburn Township School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board ("GASB") in codification section 2100. All funds of the District are included in this report. Millburn Township encompasses Millburn and Short Hills. The Millburn Township School District and all its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels PreK through 12. These include regular, vocational as well as special education for handicapped youngsters. The District completed the 2014-2015 fiscal year with an average daily enrollment of 4,882 students which is 25 students less than the previous year's enrollment.

The Honorable President and Members of  
 the Board of Education  
 Millburn Township School District  
 Page 2  
 December 3, 2015

2) ECONOMIC CONDITION AND OUTLOOK: The Township's cash surplus at December 31, 2014 amounted to \$8,772,246. A systematic and active investment program has been followed; income earned from investments of the Township's surplus cash amounted to \$34,558 in 2014. The current tax rate is \$2.016 per one hundred dollars of assessed valuation and is one of the lowest of Essex County's twenty-two municipalities.

The Township is composed of two areas, the older area comprising the so-called center (Millburn) and the adjoining residential sections. To the north and west lies Short Hills with its own post office and railroad station, but still an integral part of the Township and comprising one of the finest residential areas in the nation. It is also the home of one of the nation's premier shopping areas, The Mall at Short Hills.

The residential marketability is enhanced by the nationally recognized excellence of the Township's Public Schools and by the New Jersey Transit Direct Midtown rail line to Manhattan.

The Downtown area of Millburn is 96% occupied. The Downtown Millburn Development Alliance is an independent, non-profit corporation that has been very active in attracting new businesses and promoting existing areas. The organization sponsors special events including the Farmers Market and Country Fair. Some 770 businesses and 300 doctors, lawyers, and dentists are located in the Township.

3) MAJOR INITIATIVES: Board of Education Goals for FY 2014-2015

1. Successfully negotiate three successor collective bargaining agreements with MASA and CWA for the period 2014-2017 (Year 1 of 1).
2. Explore and publicize expenditure and revenue options for closing the structural budget gap while maintaining the academic program (Year 1 of 1).

4) INTERNAL ACCOUNTING CONTROLS: Management of the District is responsible for establishing and maintaining an internal control system designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control system is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of federal and state awards, the District also is responsible for ensuring that an adequate internal control system is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control system is also subject to periodic evaluation by the District's management.

As part of the District's single audit described earlier, tests are made to determine the adequacy of the internal control system, including that portion related to major federal and state award programs, as well as to determine that the District has complied with applicable laws, regulations, contracts and grants.

5) BUDGETARY CONTROLS: In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service fund. Project-length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

The Honorable President and Members of  
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December 3, 2015

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as fund balance restrictions, commitments and assignments at June 30, 2015.

**6) ACCOUNTING SYSTEM AND REPORTS:** The District's accounting records reflect generally accepted accounting principles, as promulgated by the GASB. The accounting system of the District is organized on the basis of funds. These funds are explained in "Notes to the Basic Financial Statements", Note 1.

**7) CASH MANAGEMENT:** The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Basic Financial Statements", Note 3. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

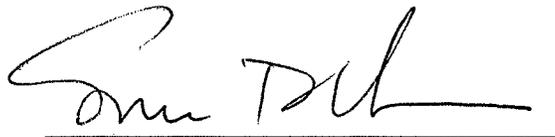
**8) RISK MANAGEMENT:** The Board carries various forms of insurance, including, but not limited to, general liability, excess liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds. A schedule of insurance coverage is found on Exhibit J-20.

**9) OTHER INFORMATION:** Independent Audit – State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Nisivoccia, LLP, CPAs, was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act Amendments of 1996 and the related OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and New Jersey's OMB Circulars 04-04 and 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The auditors' report on the basic financial statements and specific required supplementary information are included in the financial section of this report. The auditors' reports related specifically to the single audit and *Government Auditing Standards* are included in the single audit section of this report.

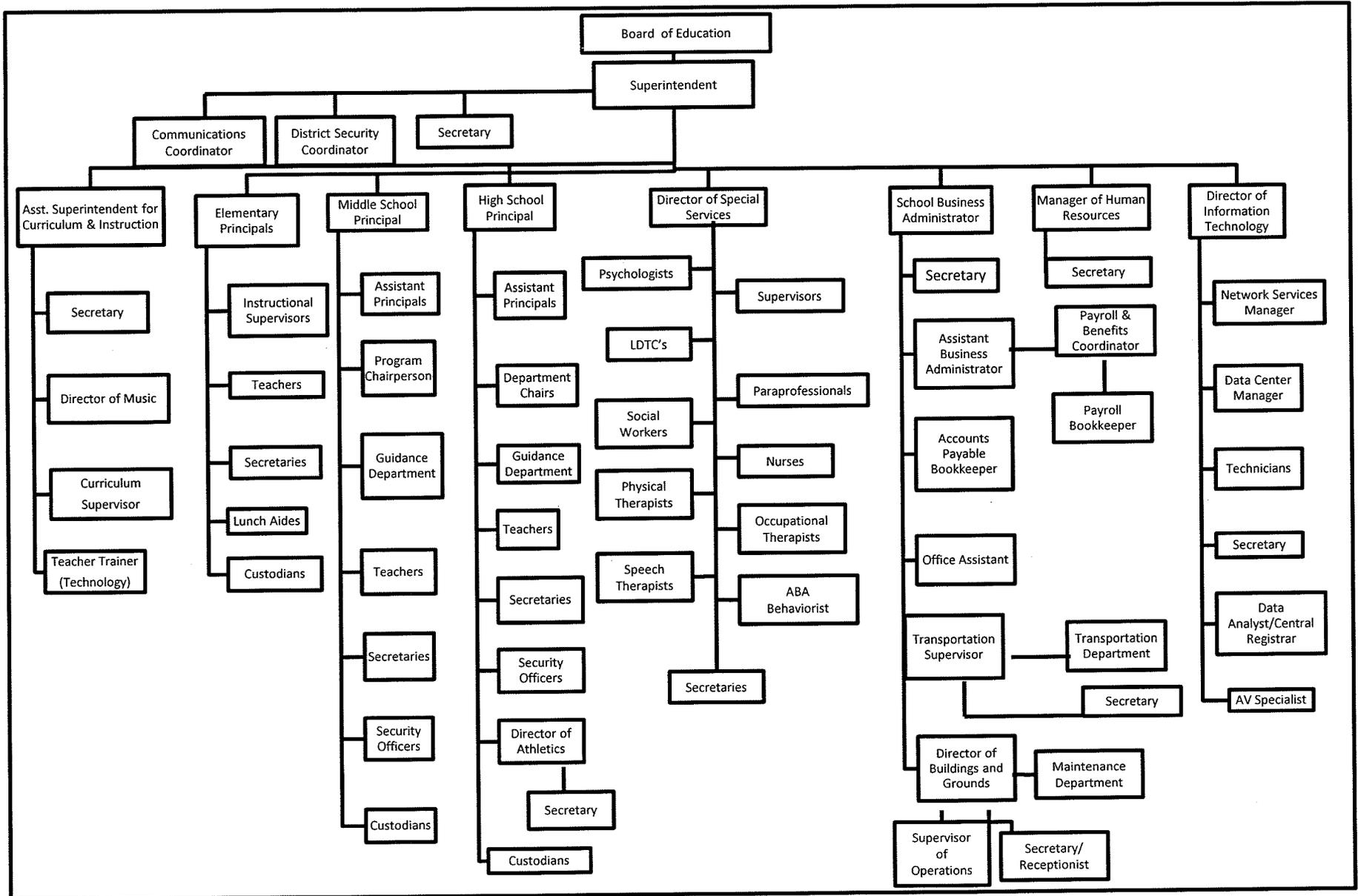
**10) ACKNOWLEDGMENTS:** We would like to express our appreciation to the members of the Millburn Township School District Board for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of the financial and accounting staff.

Respectfully submitted,

  
Dr. Christine Burton  
Superintendent of Schools

  
J. Steven DiGeronimo  
Business Administrator/Board Secretary

# Millburn Township Schools Organizational Chart 2014 - 2015



**MILLBURN TOWNSHIP SCHOOL DISTRICT  
ROSTER OF OFFICIALS  
JUNE 30, 2015**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
John Westfall-Kwong, President	2017
Raymond Wong, Vice President	2016
Richard Gray	2018
Emily Jaffe	2017
Michael King	2017
Jesse Liu	2018
Eric S. Siegel	2016
Regina Truitt	2018
Dr. Rupali Wadhwa	2016

Other OfficersTitle

Dr. James A. Crisfield	Superintendent of Schools (to 02/28/15)
Dr. Christine Burton	Superintendent of Schools (from 07/01/15)
	Interim Superintendent of Schools (from 03/01/15 to 6/30/15)
	Assistant Superintendent for Curriculum & Instruction
J. Steven DiGeronimo	Business Administrator/Board Secretary
Cheryl Nardino	Treasurer
Anthony P. Sciarrillo, Esq.	School Board Attorney
Athina L. Cornell, Esq.	Special Education Attorney

# MILLBURN TOWNSHIP BOARD OF EDUCATION

Consultants and Advisors

## **Architect**

Parette Somjen Architects  
439 Route 46 East  
Rockaway, NJ 07866

## **Audit Firm**

Nisivoccia LLP, CPAs  
Mount Arlington Corporate Center  
200 Valley Road Suite 300  
Mount Arlington, NJ 07856-1320

## **Attorneys**

Anthony P. Sciarrillo, Esq.  
Sciarrillo, Cornell, Merlino, McKeever & Osborne, LLC  
238 St. Paul Street  
Westfield, NJ 070910

Athina Lekas Cornell, Esq.  
Sciarrillo, Cornell, Merlino, McKeever & Osborne, LLC  
238 St. Paul Street  
Westfield, NJ 070910

## **Bond Counsel**

Andrea Kahn  
McManimon, Scotland & Baumann  
75 Livingston Avenue  
Roseland, NJ 07068

## **Financial Advisor**

Phoenix Advisors, LLC  
4 West Park Street  
Bordentown, NJ 08505

## **Official Depositories**

Wells Fargo  
379 Millburn Avenue  
Millburn, NJ 07041

Bank of America  
1125 Route 22 West  
Bridgewater, NJ 08807

New Jersey Asset & Rebate Management Program  
821 Alexander Road, Suite 110  
Princeton, NJ 08540

FINANCIAL SECTION



Mount Arlington Corporate Center  
 200 Valley Road, Suite 300  
 Mt. Arlington, NJ 07856  
 973-328-1825 | 973-328-0507 Fax

Lawrence Business Center  
 11 Lawrence Road  
 Newton, NJ 07860  
 973-383-6699 | 973-383-6555 Fax

## Independent Auditors' Report

The Honorable President and Members  
 of the Board of Education  
 Millburn Township School District  
 County of Essex, New Jersey

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Millburn Township School District (the "District") in the County of Essex, as of and for the fiscal year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

The Honorable President and Members  
of the Board of Education  
Millburn Township School District  
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### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Millburn Township School District, in the County of Essex, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

As discussed in Note 21 to the basic financial statements, the District implemented Governmental Accounting Standards Board (“GASB”) Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment to GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68* during the fiscal year ended June 30, 2015. Our opinions are not modified with respect to this matter. The implementation resulted in the restatement of certain balances on the Statement of Net Position and the ending balance for Net Position for the Governmental Activities as of June 30, 2014 as detailed in Note 21 to the basic financial statements.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis, which follows this report, the required supplementary information pension schedules and the budgetary comparison information in Exhibits C-1 through C-3 and I-3 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District’s basic financial statements. The accompanying supplementary information such as the combining and individual non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedules of expenditures of federal and state awards, as required by the U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and New Jersey’s OMB Circulars 04-04 and 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, are also presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Honorable President and Members  
of the Board of Education  
Millburn Township School District  
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The accompanying supplementary schedules such as the combining and individual non-major fund financial statements and the schedules of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary schedules and the schedules of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The accompanying other information such as the introductory and statistical sections has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2015 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*Nisivoccia, LLP*

December 3, 2015  
Mount Arlington, New Jersey

NISIVOCCIA, LLP

*Kathryn L. Mantell*

\_\_\_\_\_  
Kathryn L. Mantell  
Licensed Public School Accountant #884  
Certified Public Accountant

**REQUIRED SUPPLEMENTARY INFORMATION**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**MILLBURN TOWNSHIP SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Unaudited)**

This section of Millburn Township School District's annual financial report presents its discussion and analysis of the District's financial performance during the fiscal year ending June 30, 2015. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follow this section.

**Financial Highlights**

- The District's financial status improved significantly on a district wide basis.
- Overall revenue was \$104,020,541 during the fiscal year.
- Overall expenses were \$102,365,057 during the fiscal year.
- The District advanced refunded its 2007 School Bonds thereby defeasing \$13,500,000 of those bonds and issuing \$12,110,000 in 2015 Refunding School Bonds.
- Enrollment in the District decreased approximately 0.51% from the prior year.

**Overview of the Financial Statements**

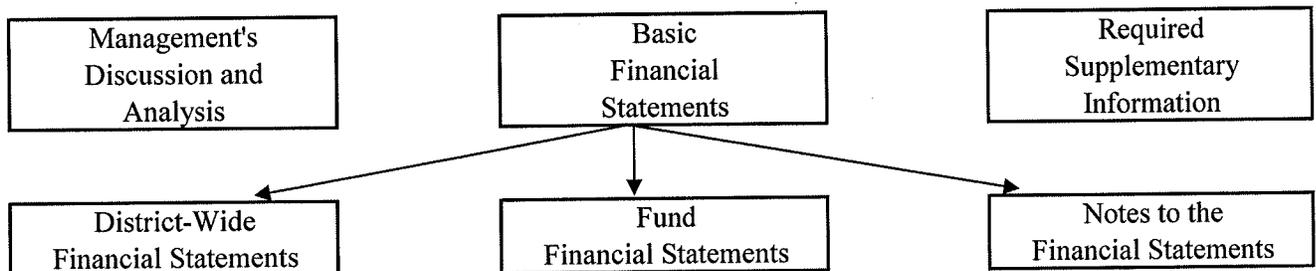
This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *District-wide financial statements* that provide both *short-term* and *long-term* information about the District's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the District, reporting the District's operations in *more* detail than the District-wide statements.
- The *governmental funds statements* tell how basic services such as regular and special education were financed in the short-term as well as what remains for future spending.
- *Proprietary funds* statements offer *short- and long-term* financial information about the activities the District operates like a business, such as food services and field rental/joint facilities.
- *Fiduciary funds statements* provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

**Figure A-1**

**Organization of the School District's Financial Report**



**MILLBURN TOWNSHIP SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Unaudited)**

Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights that structure and contents of each of the statements.

**Figure A-2**

*Major Features of the District-Wide and Fund Financial Statements*

	District-Wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities the District operates similar to private businesses: food services and field rental/joint facilities	Instances in which the District administers resources on behalf of someone else, such as student activities monies.
Required Financial Statements	<ul style="list-style-type: none"> <li>• Statement of net position</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance sheet</li> <li>• Statement of revenue, expenditures, and changes in fund balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of net position</li> <li>• Statement of revenue, expenses, and changes in net position</li> <li>• Statement of cash flows</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of fiduciary net position</li> <li>• Statement of changes in fiduciary net position</li> </ul>
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of Asset/Liability Information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities are included	All assets and liabilities, both financial and capital, short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of Inflow/Outflow Information	All revenue and expenses during the year, regardless of when cash is received or paid	Revenue for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenue and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

**MILLBURN TOWNSHIP SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Unaudited)**

***District-wide Statements***

The District-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the District's assets, deferred inflows and outflows and liabilities. All of the current year's revenue and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two District-wide statements report the District's *net position* and how they have changed. Net position – the difference between the District's assets, deferred inflows and outflows and liabilities – is one way to measure the District's financial health or position.

- Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the District's overall health, you need to consider additional nonfinancial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

In the District-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities:* Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property taxes, tuition, subscription busing fees and state formula aid finance most of these activities.
- *Business-type activities:* The District charges fees to help it cover the costs of certain services it provides. The District's food service and field rental/joint facilities are included here.

***Fund Financial Statements***

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by state law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenue (such as federal grants).

The District has three kinds of funds:

- *Governmental funds:* Most of the District's basic services are included in governmental funds, which generally focus on {1} how cash and other financial assets that can readily be converted to cash flow in and out, and {2} the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the District-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or difference) between them.

**MILLBURN TOWNSHIP SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Unaudited)**

**Fund Financial Statements**

- *Proprietary funds:* Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the District-wide statements. The District's *enterprise funds* (one type of proprietary fund) are the same as its business-type activities but provide more detail and additional information, such as cash flows. *Internal service funds* (the other kind of proprietary fund) report activities that provide supplies and services for other programs and activities. The District currently does not maintain any internal service funds.
- *Fiduciary funds:* The District is the trustee, or *fiduciary*, for assets that belong to others, such as scholarship funds and the student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the District-wide financial statements because it cannot use these assets to finance its operations.

*Notes to Basic Financial Statements:* Provide additional information essential to a full understanding of the District-wide and fund financial statements.

**Financial Analysis of the District as a Whole**

*Net Position.* The District's combined net position increased by \$1,654,500. Net position from governmental activities increased by \$1,665,478 and net position from business-type activities decreased by \$10,978. Net investment in capital assets increased by \$4,514,762, restricted net position decreased by \$1,479,668, and unrestricted net position decreased by \$1,380,594.

**Figure A-3  
Condensed Statement of Net Position**

	Government Activities		Business-Type Activities		Total School District		Percentage
	2014/15	2013/14*	2014/15	2013/14	2014/15	2013/14*	Change 2014/15
Current and							
Other Assets	\$10,771,075	\$10,647,416	\$ 580,214	\$ 579,961	\$11,351,289	\$11,227,377	1.10%
Capital Assets, Net	52,908,773	52,880,575	57,281	46,386	52,966,054	52,926,961	0.07%
Total Assets	63,679,848	63,527,991	637,495	626,347	64,317,343	64,154,338	0.25%
Deferred Outflows of Resources	2,491,340				2,491,340		100.00%
Long-Term Debt Outstanding	56,593,698	60,567,802			56,593,698	60,567,802	-6.56%
Other Liabilities	6,403,638	2,650,438	87,380	65,254	6,491,018	2,715,692	139.02%
Total Liabilities	62,997,336	63,218,240	87,380	65,254	63,084,716	63,283,494	-0.31%
Deferred Inflows of Resources	1,198,623				1,198,623		100.00%
Net Position:							
Net Investment in							
Capital Assets	18,275,683	13,771,816	57,281	46,386	18,332,964	13,818,202	32.67%
Restricted	5,293,272	6,772,940			5,293,272	6,772,940	-21.85%
Unrestricted/(Deficit)	(21,593,726)	(20,235,005)	492,834	514,707	(21,100,892)	(19,720,298)	7.00%
Total Net Position	\$ 1,975,229	\$ 309,751	\$ 550,115	\$ 561,093	\$ 2,525,344	\$ 870,844	189.99%

\* Restated

**MILLBURN TOWNSHIP SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Unaudited)**

*Changes in Net Position.* The District's combined net position was \$2,525,344 on June 30, 2015, an increase of \$1,654,500 or 189.99% over the previous year. (See Figure A-3). Net Investment in Capital Assets increased \$4,514,762 due to the maturity of \$3,375,000 of serial bonds payable, \$13,500,000 in 2007 school bonds defeased, a paydown in capital lease principal of \$515,572, and \$2,163,356 in capital assets additions (net of capital assets disposals); offset by \$2,124,263 in depreciation expense, a new capital lease of \$804,903 and \$12,110,000 of refunding bonds issued. Restricted net position decreased by \$1,479,668 primarily due to a net decrease of \$1,293,488 in the Capital Reserve account (primarily due to the \$1,611,570 withdrawal for current year capital projects offset by \$45,179 of unexpended funds returned from capital outlay and \$272,817 transferred from unassigned fund balance); \$186,213 of Debt Service Fund fund balance anticipated as revenue in fiscal year 2015; offset by \$33 of interest earned in the Debt Service Fund. Unrestricted net position decreased by \$1,380,594 due to a net increase in compensated absences of \$130,844, a net increase in net pension liability of \$370,721, an investment gain in pensions of \$1,198,623, a net increase in unamortized bond issuance premium of \$2,626,212, a \$471,322 net decrease in unassigned and assigned (including encumbrances) General Fund fund balance, and a decrease \$21,873 in business-type activities; offset by a decrease in accrued interest of \$114,017, changes in pension assumptions of \$633,587, changes in pension proportion of \$662,891, an increase in Capital Projects committed fund balance of \$833,644 and an increase in deferred amount on refunding of \$1,194,862.

**Figure A-4  
Changes in Net Position from Operating Results**

	Governmental Activities		Business-Type Activities		Total School District		Percent Change
	2014/15	2013/14	2014/15	2013/14	2014/15	2013/14	
Revenue:							
Program Revenue:							
Charges for Services	\$ 895,895	\$ 977,010	\$ 738,513	\$ 657,673	\$ 1,634,408	\$ 1,634,683	-0.02%
Operating Grants and Contributions	22,000,460	11,430,183		29,612	22,000,460	11,459,795	91.98%
Capital Grants and Contributions	435,655				435,655		100.00%
General Revenue:							
Property Taxes	79,275,406	77,836,315			79,275,406	77,836,315	1.85%
Unrestricted State and Federal Aid	408,990	324,298			408,990	324,298	26.12%
Other	265,351	220,666	271	272	265,622	220,938	20.22%
Total Revenue	<u>103,281,757</u>	<u>90,788,472</u>	<u>738,784</u>	<u>687,557</u>	<u>104,020,541</u>	<u>91,476,029</u>	13.71%
Expenses:							
Instruction	60,331,909	51,859,135			60,331,909	51,859,135	16.34%
Pupil & Instruction Srv	19,510,796	16,423,216			19,510,796	16,423,216	18.80%
Administrative & Business	9,177,694	8,272,557			9,177,694	8,272,557	10.94%
Maintenance & Operations	8,047,309	7,835,646			8,047,309	7,835,646	2.70%
Transportation	3,126,168	3,127,389			3,126,168	3,127,389	-0.04%
Other	1,422,403	1,674,713	748,778	623,875	2,171,181	2,298,588	-5.54%
Total Expenses	<u>101,616,279</u>	<u>89,192,656</u>	<u>748,778</u>	<u>623,875</u>	<u>102,365,057</u>	<u>89,816,531</u>	13.97%
Disposal of Capital Assets			(984)		(984)		-100.00%
Increase/(Decrease) in Net Position	<u>\$ 1,665,478</u>	<u>\$ 1,595,816</u>	<u>\$ (10,978)</u>	<u>\$ 63,682</u>	<u>\$ 1,654,500</u>	<u>\$ 1,659,498</u>	-0.30%

**MILLBURN TOWNSHIP SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Unaudited)**

*Revenue Sources.* The District's total revenue for the 2014/15 school year was \$104,020,541. (See Figure A-4). Property taxes and state formula aid accounted for most of the District's revenue, with local taxes accounting for \$79,275,406 of the total, or 76.21 percent. (See Figure A-5). Another 21.96 percent came from state and federal aid and the remaining 1.83% came from tuition, subscription busing fees, miscellaneous sources and charges for services.

**Figure A-5  
Sources of Revenue for Fiscal Year 2015 and 2014**

	2015	Percentage	2014	Percentage
Sources of Income:				
Grants and Contributions	\$ 22,436,115	21.57%	\$ 11,459,795	12.53%
Property Taxes	79,275,406	76.21%	77,836,315	85.09%
Unrestricted Federal and State Aid	408,990	0.39%	324,298	0.35%
Charges for Services	1,634,408	1.57%	1,634,683	1.79%
Other	265,622	0.26%	220,938	0.24%
	<u>\$ 104,020,541</u>	<u>100.00%</u>	<u>\$ 91,476,029</u>	<u>100.00%</u>

The total cost of all programs and services was \$102,365,057. The District's expenses are predominantly related to Instructing and providing Pupil Services (78.00 percent) which increased from 76.02 percent in 2013-2014. (See Figure A-6). Other significant cost areas include Administrative and Business activities (8.96 percent) and Maintenance and Operations (7.86 percent). The District operates seven schools, an education center/administration building and a maintenance building. Costs for Administration and Maintenance decreased as a percentage of total expenses compared to fiscal year 2013-2014. It is important to note that expenses for the year include \$2,124,263 of depreciation expense and \$1,323,123 of accrued interest on long-term debt attributable to its governmental and business-type activities.

**Figure A-6  
Expenses for Fiscal Year 2015 and 2014**

	2015	Percentage	2014	Percentage
Expense Category:				
Instruction	\$ 60,331,909	58.94%	\$ 51,859,135	57.74%
Pupil and Instruction Services	19,510,796	19.06%	16,423,216	18.28%
Administrative and Business	9,177,694	8.96%	8,272,557	9.21%
Maintenance and Operations	8,047,309	7.86%	7,835,646	8.72%
Transportation	3,126,168	3.05%	3,127,389	3.48%
Other	2,171,181	2.13%	2,298,588	2.57%
	<u>\$ 102,365,057</u>	<u>100.00%</u>	<u>\$ 89,816,531</u>	<u>100.00%</u>

**MILLBURN TOWNSHIP SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Unaudited)**

**Governmental Activities**

The financial position of the District improved significantly. However, maintaining existing programs while experiencing changes in enrollment, combined with rising salary and benefits costs, places great demands on the District's resources.

The District continues to pursue and implement cost savings strategies in order to sustain its financial health. Some examples are:

- Participation in multiple cooperative purchasing programs for district supplies.
- Shared service agreements with other public entities for busing services.
- Membership in purchasing cooperatives for purchases of energy and various types of insurance.
- Participation with the Township of Millburn in a Joint Facilities Committee for the maintenance of township and board owned athletic fields.
- The use of state contracts.
- The District participates in several cooperative purchasing programs for construction services. We have been able to significantly increase the scope of facility improvement projects by implementing a strategy of bidding and using cooperative purchasing to procure the most favorable prices for construction projects.
- The District is in the process of implementing an Energy Savings Improvement Program (ESIP), as allowed by state law, which will enable the district to become more energy efficient. Reduced energy costs will be used to offset the cost of the capital improvements. This program, in conjunction with Board approval of a resolution to participate in the Sustainable Jersey for Schools program, demonstrates the Board's commitment to becoming an energy efficient, environmentally responsible district.

The District will continue its practice of examining all expenditures carefully and being mindful of pressure to reduce taxes while maintaining and/or expanding programs.

Figure A-7 presents the cost of six major District activities: instruction, pupil and instructional services, administration and business, maintenance and operations, transportation, capital outlay and other. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs).

The net cost shows the financial burden placed on the District's taxpayers by each of these functions:

**Figure A-7  
Net Cost of Governmental Activities**

	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	2014/15	2014/15	2013/14	2013/14
Instruction	\$ 60,331,909	\$ 43,483,292	\$ 51,859,135	\$ 43,129,036
Pupil and Instruction Services	19,510,796	15,408,086	16,423,216	14,028,665
Administrative and Business	9,177,694	8,097,274	8,272,557	7,820,278
Maintenance and Operations	8,047,309	7,611,654	7,835,646	7,835,646
Transportation	3,126,168	2,261,560	3,127,389	2,297,125
Other	1,422,403	1,422,403	1,674,713	1,674,713
	<u>\$ 101,616,279</u>	<u>\$ 78,284,269</u>	<u>\$ 89,192,656</u>	<u>\$ 76,785,463</u>

**MILLBURN TOWNSHIP SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Unaudited)**

### Business-Type Activities

Net position from the District's business-type activity decreased by \$10,978. (Refer to Figure A-4). Factors contributing to these results included:

- Field Rental/Joint Facilities Fund revenues exceeded expenses by \$4,180 and Food Service Fund expenses exceeded revenues by \$14,174, accounting for the majority of the decrease in the net position of the business-type activities.
- The decrease in the Food Service Fund net position was primarily a result of the increase in current year expenses versus the prior year due to a change in food service management companies and more adequate staffing of the cafeteria compared to previous years.

### Financial Analysis of the District's Funds

The District's financial position decreased on a fund basis. The weak economy and State budget problems have had a direct impact upon the District's revenue sources. Interest earnings on investments remain significantly lower than in the past.

All of these factors are likely to continue for the next several years. To maintain a stable financial position, the District will continue to practice sound fiscal management, including efficiency/cost containment practices, evaluation of services and programs, energy conservation, and seeking additional sources of revenues.

### General Fund Budgetary Highlights

Over the course of the year, the District revised the annual operating budget several times. These budget amendments are due to:

- Changes made within budgetary line items for changes in school-based needs for programs, supplies and equipment.

### Capital Asset and Debt Administration

The District's capital assets increased by \$39,093 or 0.07% - as shown in Figure A-8. (More detailed information about the District's capital assets is presented in Note 5 to the financial statements.)

**Figure A-8**  
**Capital Assets (Net of Depreciation)**

	Government Activities		Business-Type Activities		Total School District		Percentage
	2014/15	2013/14	2014/15	2013/14	2014/15	2013/14	Change 2014/15
Sites	\$ 109,045	\$ 109,045			\$ 109,045	\$ 109,045	0.00%
Construction in Progress	124,444				124,444		100.00%
Site Improvements	3,514,274	3,517,759			3,514,274	3,517,759	-0.10%
Buildings & Building Improvements	45,976,313	46,224,438			45,976,313	46,224,438	-0.54%
Machinery and Equipment	3,184,697	3,029,333	\$ 57,281	\$ 46,386	3,241,978	3,075,719	5.41%
<b>Total Capital Assets, Net</b>	<b>\$52,908,773</b>	<b>\$52,880,575</b>	<b>\$ 57,281</b>	<b>\$ 46,386</b>	<b>\$52,966,054</b>	<b>\$52,926,961</b>	<b>0.07%</b>

**MILLBURN TOWNSHIP SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Unaudited)**

During the fiscal year, the District acquired or constructed \$2,206,433 in capital asset additions for various capital projects that were funded by withdrawals from Capital Reserve, offset by \$2,124,263 in current year depreciation (\$2,119,762 its governmental activities and \$4,501 from its business-type activities) and \$43,077 of capital asset disposals.

**Long-term Debt**

The District's long term debt decreased by \$3,974,104 or 6.56% – as shown in Figure A-9. (More detailed information about the District's long-term liabilities is presented in Note 7 to the financial statements.)

**Figure A-9**

**Outstanding Long-Term Debt**

	Total School District		Percentage
	2014/15	2013/14*	Change 2014/15
General Obligation Bonds (Financed with Property Taxes)	\$ 32,689,000	\$ 37,454,000	-12.72%
Net Pension Liability	20,216,563	19,845,842	1.87%
Other Long-Term Debt	3,688,135	3,267,960	12.86%
	<u>\$ 56,593,698</u>	<u>\$ 60,567,802</u>	-6.56%

\*Restated

- The District continued to pay down its bonded debt, retiring \$3,375,000 of outstanding bonds.
- The District advanced refunded its 2007 School Bonds thereby defeasing \$13,500,000 of those bonds and issuing \$12,110,000 in 2015 Refunding School Bonds.
- Compensated absences payable increased by a net amount of \$130,844.
- Net pension liability increased by \$370,721.
- The District entered into two capital lease purchase agreements to purchase 725 computers and other related technology equipment and a school bus totaling \$804,903 and paid down \$515,572 in lease principal during the fiscal year.

**Factors Bearing on the District's Future Revenue/Expense Changes**

At the time these financial statements were prepared and audited, the District was aware of existing circumstances that could significantly affect its financial health in the future:

- There are several staff members with many years of service in education. It is reasonable to expect some changes in the future, which will be viewed as an opportunity to review resource allocation and structure.
- During the 2014-2015 year, the Board reached agreement with the Millburn Association of School Administrators and with the Communications Workers of America for contracts for the period July 1, 2014 through June 30, 2017. The Board believes that the contracts were equitable and fiscally responsible.
- The district remains in the School Employee Health Benefits Plan for health and prescription coverage. Enrollment in the plan allows the District to realize significant savings from previous carriers. In conjunction with this is the impact of public law, Chapter 78 "Sweeney Provisions," implementing employee co-pay for medical/prescription costs. The 2014-15 year brought the final year of the increasing reimbursement amounts, tier IV, with a maximum co-pay of 35%. It remains unclear what will happen to the Sweeney Provisions in the future years as the law is set to expire, but it has most definitely helped the Board to weather increasing medical benefit costs in these turbulent financial times. The District continues to seek new opportunities for efficiencies and expense reduction in this area.

**MILLBURN TOWNSHIP SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Unaudited)**

- While overall enrollment in the District has remained relatively stable during the past several years, school-specific spikes have occurred, requiring an increase in staffing. The District continues to monitor this situation, and to reallocate resources as changes occur.
- The Board is continuing discussions regarding the best means of meeting future needs of the District, including instructional space, 21<sup>st</sup> century learning opportunities, maker space for STEM projects and flexible learning spaces. These discussions may lead to a referendum for building renovations and/or additions, and the possible acquisition of the former Millburn Regional Day School, which is currently owned by the state of New Jersey.

**Contacting the District's Financial Management**

This financial report is designed to provide the District's citizens, taxpayers, customers and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Board of Education Office, 434 Millburn Avenue, Millburn, New Jersey 07041.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

Exhibit A-1

MILLBURN TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2015

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 8,471,338	\$ 573,194	\$ 9,044,532
Receivables from State Government	717,553		717,553
Receivables from Federal Government	211,049		211,049
Other Accounts Receivables		1,012	1,012
Inventories		6,008	6,008
Restricted Cash and Cash Equivalents	1,371,135		1,371,135
Capital Assets, Net:			
Sites (Land) and Construction in Progress	233,489		233,489
Depreciable Site Improvements, Buildings & Building Improvements and Machinery and Equipment	52,675,284	57,281	52,732,565
Total Assets	<u>63,679,848</u>	<u>637,495</u>	<u>64,317,343</u>
<u>DEFERRED OUTFLOW OF RESOURCES</u>			
Deferred Amount on Refunding	1,194,862		1,194,862
Charges in Assumptions - Pension	633,587		633,587
Charges in Proportion - Pension	662,891		662,891
Total Deferred Outflows of Resources	<u>2,491,340</u>		<u>2,491,340</u>
<u>LIABILITIES</u>			
Current Liabilities:			
Accounts Payable	915,523	63,940	979,463
Accrued Interest Payable	566,293		566,293
Payable to State Government	21,471		21,471
Grant Anticipation Notes Payable	1,073,000		1,073,000
Unearned Revenue	752,689	23,440	776,129
Unamortized Bond Premium	3,074,662		3,074,662
Noncurrent Liabilities:			
Due Within One Year	3,893,556		3,893,556
Due Beyond One Year	52,700,142		52,700,142
Total Liabilities	<u>62,997,336</u>	<u>87,380</u>	<u>63,084,716</u>
<u>DEFERRED INFLOW OF RESOURCES</u>			
Investment Gains - Pension	1,198,623		1,198,623
Total Deferred Inflows of Resources	<u>1,198,623</u>		<u>1,198,623</u>
<u>NET POSITION</u>			
Net Investment in Capital Assets	18,275,683	57,281	18,332,964
Restricted for:			
Capital Projects	790,173		790,173
Debt Service	119,099		119,099
Other Purposes	4,384,000		4,384,000
Unrestricted/(Deficit)	(21,593,726)	492,834	(21,100,892)
Total Net Position	<u>\$ 1,975,229</u>	<u>\$ 550,115</u>	<u>\$ 2,525,344</u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE  
AN INTEGRAL PART OF THIS STATEMENT

MILLBURN TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Governmental Activities:</b>							
<b>Instruction:</b>							
Regular	\$ 48,136,945	\$ 111,497	\$ 11,848,694		\$ (36,176,754)		\$ (36,176,754)
Special Education	8,481,855	103,634	4,170,714		(4,207,507)		(4,207,507)
Other Special Instruction	1,333,784				(1,333,784)		(1,333,784)
Other Instruction	2,379,325		614,078		(1,765,247)		(1,765,247)
<b>Support Services:</b>							
Tuition	2,884,505		848,811		(2,035,694)		(2,035,694)
Student and Instruction Related Services	16,626,291		3,253,899		(13,372,392)		(13,372,392)
General Administrative Services	1,844,306		83,657		(1,760,649)		(1,760,649)
School Administrative Services	4,762,840		925,566		(3,837,274)		(3,837,274)
Central Services	1,688,684		71,197		(1,617,487)		(1,617,487)
Administrative Information Technology	881,864				(881,864)		(881,864)
Plant Operations and Maintenance	8,047,309			\$ 435,655	(7,611,654)		(7,611,654)
Pupil Transportation	3,126,168	680,764	183,844		(2,261,560)		(2,261,560)
Unallocated Depreciation	99,280				(99,280)		(99,280)
Interest on Long-Term Debt	1,323,123				(1,323,123)		(1,323,123)
<b>Total Governmental Activities</b>	<b>101,616,279</b>	<b>895,895</b>	<b>22,000,460</b>	<b>435,655</b>	<b>(78,284,269)</b>		<b>(78,284,269)</b>
<b>Business-Type Activities:</b>							
Field Rental/Joint Facilities	58,600	62,780				\$ 4,180	4,180
Food Service	690,178	675,733				(14,445)	(14,445)
<b>Total Business-Type Activities</b>	<b>748,778</b>	<b>738,513</b>				<b>(10,265)</b>	<b>(10,265)</b>

MILLBURN TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Total Primary Government	<u>\$ 102,365,057</u>	<u>\$ 1,634,408</u>	<u>\$ 22,000,460</u>	<u>\$ 435,655</u>	<u>\$ (78,284,269)</u>	<u>\$ (10,265)</u>	<u>\$ (78,294,534)</u>
General Revenues and Other Items:							
Taxes:							
Property Taxes, Levied for General Purposes, Net					74,808,608		74,808,608
Taxes Levied for Debt Service					4,466,798		4,466,798
Federal, State and Local Aid not Restricted					408,990		408,990
Interest Earnings					394	271	665
Miscellaneous Income					264,957		264,957
Other Item - Disposal of Capital Assets						(984)	(984)
Total General Revenues and Other Items					<u>79,949,747</u>	<u>(713)</u>	<u>79,949,034</u>
Change in Net Position					1,665,478	(10,978)	1,654,500
Net Position - Beginning (Restated)					<u>309,751</u>	<u>561,093</u>	<u>870,844</u>
Net Position - Ending					<u>\$ 1,975,229</u>	<u>\$ 550,115</u>	<u>\$ 2,525,344</u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

FUND FINANCIAL STATEMENTS

MILLBURN TOWNSHIP SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2015

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 6,325,989		\$ 2,026,471	\$ 118,878	\$ 8,471,338
Interfund Receivable	34,763			221	34,984
Receivables From State Government	717,553				717,553
Receivables From Federal Government		\$ 211,049			211,049
Restricted Cash and Cash Equivalents	1,371,135				1,371,135
<b>Total Assets</b>	<b>\$ 8,449,440</b>	<b>\$ 211,049</b>	<b>\$ 2,026,471</b>	<b>\$ 119,099</b>	<b>\$ 10,806,059</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Interfund Payable		\$ 34,675	\$ 309		\$ 34,984
Accounts Payable	\$ 789,460	125,583	480		915,523
Grant Anticipation Notes Payable			1,073,000		1,073,000
Payable to State Government		21,471			21,471
Unearned Revenue	723,369	29,320			752,689
<b>Total Liabilities</b>	<b>1,512,829</b>	<b>211,049</b>	<b>1,073,789</b>		<b>2,797,667</b>
<b>Fund Balances:</b>					
<b>Restricted:</b>					
Capital Reserve Account	671,135				671,135
Emergency Reserve	700,000				700,000
Excess Surplus - For 2016-2017	1,842,000				1,842,000
Excess Surplus - For 2015-2016	1,842,000				1,842,000
Capital Projects			119,038		119,038
Debt Service				\$ 119,099	119,099
<b>Committed:</b>					
Capital Projects			833,644		833,644
<b>Assigned:</b>					
Other Purposes	391,347				391,347
Unassigned	1,490,129				1,490,129
<b>Total Fund Balances</b>	<b>6,936,611</b>		<b>952,682</b>	<b>119,099</b>	<b>8,008,392</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 8,449,440</b>	<b>\$ 211,049</b>	<b>\$ 2,026,471</b>	<b>\$ 119,099</b>	<b>\$ 10,806,059</b>

MILLBURN TOWNSHIP SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2015

Amounts reported for *Governmental Activities* in the Statement of Net Position (Exhibit A-1) are different because:

Total Fund Balances from previous page	\$ 8,008,392
Capital Assets used in Governmental Activities are not financial resources and therefore are not reported in the Funds. The cost of the assets is \$87,331,205 and the accumulated depreciation is \$34,422,432.	52,908,773
Bond Premiums are Reported as Revenue in the Governmental Funds in the Year the Bonds are sold. The Amount is \$3,324,335 and the Accumulated Amortization is \$249,673.	(3,074,662)
Deferred Interest Costs are not Reported as Expenditures in the Governmental Funds in the Year of the Expenditure	1,194,862
Interest on Long-Term Debt is not accrued in Governmental Funds, but rather is recognized as an expenditure when due.	(566,293)
Long-Term Liabilities, including the Net Pension Liability for PERS and the Plan, Bonds Payable and Capital Leases Payable, are not due and payable current period and therefore are not reported as liabilities in the Funds.	(56,593,698)
Certain Amounts Related to the Net Pension Liability are Deferred and Amortized in the Statement of Activities and are not Reported in the Governmental Funds:	
Changes in Assumptions - Pensions	633,587
Changes in Proportions - Pensions	662,891
Investment Gains - Pensions	(1,198,623)
Net Position of Governmental Activities (Exhibit A-1)	<u>\$ 1,975,229</u>

MILLBURN TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>REVENUES:</b>					
Local Sources:					
Local Tax Levy	\$ 74,808,608			\$ 4,466,798	\$ 79,275,406
Tuition from Other LEAs	103,634				103,634
Tuition from Individuals	111,497				111,497
Transportation Fees From Individuals	680,764				680,764
Interest Earned on Capital Reserve Funds	86				86
Miscellaneous	265,144	\$ 310,499	\$ 121		575,764
Total - Local Sources	75,969,733	310,499	121	4,466,798	80,747,151
State Sources	11,251,211	233,681	435,655	242,821	12,163,368
Federal Sources		1,278,717			1,278,717
<b>Total Revenues</b>	<b>87,220,944</b>	<b>1,822,897</b>	<b>435,776</b>	<b>4,709,619</b>	<b>94,189,236</b>
<b>EXPENDITURES:</b>					
Current:					
Regular Instruction	30,279,096	595,943			30,875,039
Special Education Instruction	5,284,187	2,400			5,286,587
Other Special Instruction	1,336,927				1,336,927
School-Sponsored/Other Instruction	1,391,507				1,391,507
Support Services and Undistributed Costs:					
Tuition	2,035,694	848,811			2,884,505
Student/Other Instruction Related Services	10,509,365	375,743			10,885,108
General Administrative Services	1,580,988				1,580,988
School Administrative Services	3,182,014				3,182,014
Central Services	982,523				982,523
Administrative Information Technology	795,951				795,951
Plant Operations and Maintenance	6,273,134				6,273,134
Student Transportation	2,716,063				2,716,063
Unallocated Benefits	20,464,489				20,464,489
Capital Outlay	1,347,237		1,213,581		2,560,818
Debt Service:					
Principal				3,375,000	3,375,000
Interest and Other Charges				1,520,832	1,520,832
<b>Total Expenditures</b>	<b>88,179,175</b>	<b>1,822,897</b>	<b>1,213,581</b>	<b>4,895,832</b>	<b>96,111,485</b>
Excess/(Deficit) of Revenue Over/(Under)					
Expenditures	(958,231)		(777,805)	(186,213)	(1,922,249)
Other Financing Sources/(Uses):					
Serial Bonds Issued				12,110,000	12,110,000
Bond Premium				2,741,348	2,741,348
Serial Bonds Defeased				(13,500,000)	(13,500,000)
Bond Issuance Costs				(125,042)	(125,042)
Deferred Interest				(1,226,306)	(1,226,306)
Capital Leases (Non-budgeted)	804,903				804,903
Transfers	(1,611,482)		1,492,413	119,069	
<b>Total Other Financing Sources/(Uses)</b>	<b>(806,579)</b>		<b>1,492,413</b>	<b>119,069</b>	<b>804,903</b>

MILLBURN TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
Excess/(Deficit) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	\$ (1,764,810)		\$ 714,608	\$ (67,144)	\$ (1,117,346)
Fund Balance - July 1	<u>8,701,421</u>		<u>238,074</u>	<u>186,243</u>	<u>9,125,738</u>
Fund Balance - June 30	<u>\$ 6,936,611</u>	<u>\$ -0-</u>	<u>\$ 952,682</u>	<u>\$ 119,099</u>	<u>\$ 8,008,392</u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS  
ARE AN INTEGRAL PART OF THIS STATEMENT

MILLBURN TOWNSHIP SCHOOL DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES AND CHANGES  
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Total Net Change in Fund Balances - Governmental Funds (from Exhibit B-2) \$ (1,117,346)

Amounts reported for Governmental Activities in the Statement of Activities (Exhibit A-2) are different because:

Capital outlays are reported in Governmental Funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation and deletions differs from capital outlays in the period.

	Depreciation Expense	\$ (2,119,762)	
Disposal of Capital Assets, Net of Accumulated Depreciation		(42,093)	
Capital Outlays		2,190,053	
			28,198

In the Statement of Activities, interest on Long-Term Debt in the Statement of Activities is accrued, regardless of when due. In the Governmental Funds, interest is reported when due. When accrued interest exceeds the interest paid, the difference is a reduction in the reconciliation (-); when the the interest paid exceeds the accrued interest, the difference is an addition to the reconciliation (+). 114,017

Repayment of serial bonds is an expenditure in the Governmental Funds, but the repayment reduces Long-Term Liabilities in the Statement of Net Position and is not reported in the Statement of Activities. 3,375,000

Leases entered into by the District are an other financing source in the Governmental Funds, but the acquisition increases Long-Term Liabilities in the Statement of Net Position and not reported in the Statement of Activities. (804,903)

Repayment of capital leases is an expenditure in the Governmental Funds, but the repayment reduces Long-Term Liabilities in the Statement of Net Position and is not reported in the Statement of Activities. 515,572

The governmental funds report the effect of premiums when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. 115,136

The governmental funds report the effect of deferred interest when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. (31,444)

MILLBURN TOWNSHIP SCHOOL DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES AND CHANGES  
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Proceeds from debt issued for an advanced refunding less the amount of bonds defeased are not recorded in the governmental funds.

	Refunding Bonds Issued	(12,110,000)	
	Refunding Bonds Premium	(2,741,348)	
	Serial Bonds Issuance Costs		
	Refunding Bond Deferred Interest	1,226,306	
	School Bond Issuance Costs on Defeased Bonds		
	School Bonds Defeased	13,500,000	
			(125,042)

In the Statement of Activities, certain operating expenses, e.g., compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+). (130,844)

The net pension liability reported in the statement of activities does not require the use of current financial resources and is not reported as an expenditure in the Governmental Funds:

Change in Net Pension Liability		(370,721)	
Deferred Outflows:			
Changes in Assumptions		633,587	
Changes in Proportion		662,891	
Deferred Inflows:			
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments		(1,198,623)	
Change in Net Position of Governmental Activities (Exhibit A-2)		\$ 1,665,478	

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

Exhibit B-4

MILLBURN TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2015

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>Non-Major Funds</u>		<u>Total</u>
	<u>Field Rental/ Joint Facilities</u>	<u>Food Service</u>	<u>Enterprise Funds</u>
<u>ASSETS:</u>			
Current Assets:			
Cash and Cash Equivalents	\$ 311,888	\$ 261,306	\$ 573,194
Other Accounts Receivable		1,012	1,012
Inventories		6,008	6,008
Total Current Assets	<u>311,888</u>	<u>268,326</u>	<u>580,214</u>
Non-Current Assets:			
Capital Assets		182,288	182,288
Less: Accumulated Depreciation		<u>(125,007)</u>	<u>(125,007)</u>
Total Non-Current Assets		<u>57,281</u>	<u>57,281</u>
Total Assets	<u>311,888</u>	<u>325,607</u>	<u>637,495</u>
<u>LIABILITIES:</u>			
Current Liabilities:			
Accounts Payable - Vendors	18,062	45,878	63,940
Unearned Revenue		<u>23,440</u>	<u>23,440</u>
Total Current Liabilities	<u>18,062</u>	<u>69,318</u>	<u>87,380</u>
<u>NET POSITION:</u>			
Net Investment in Capital Assets		57,281	57,281
Unrestricted	<u>293,826</u>	<u>199,008</u>	<u>492,834</u>
Total Net Position	<u>\$ 293,826</u>	<u>\$ 256,289</u>	<u>\$ 550,115</u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE  
AN INTEGRAL PART OF THIS STATEMENT

Exhibit B-5

MILLBURN TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Business-Type Activities - Enterprise Funds		
	Non-Major Funds		Total
	Field Rental/ Joint Facilities	Food Service	Enterprise Funds
Operating Revenue:			
Local Sources:			
Daily Sales		\$ 617,595	\$ 617,595
Program Fees	\$ 62,780		62,780
Special Events		12,167	12,167
Miscellaneous Revenue		45,971	45,971
Total Operating Revenue	62,780	675,733	738,513
Operating Expenses:			
Cost of Sales		302,723	302,723
Salaries, Benefits & Payroll Taxes		254,580	254,580
Purchased Professional and Technical Services		48,698	48,698
Other Purchased Services		29,926	29,926
Cleaning, Repair and Maintenance Services	58,600		58,600
Supplies and Materials		28,841	28,841
Miscellaneous Expense		20,909	20,909
Depreciation Expense		4,501	4,501
Total Operating Expenses	58,600	690,178	748,778
Operating Income/(Loss)	4,180	(14,445)	(10,265)
Non-Operating Revenue:			
Local Sources:			
Interest Income		271	271
Total Non-Operating Revenue		271	271
Change in Net Position Before Other Item	4,180	(14,174)	(9,994)
Other Item:			
Disposal of Capital Assets		(984)	(984)
Total Other Item		(984)	(984)
Change in Net Position	4,180	(15,158)	(10,978)
Net Position - Beginning of Year	289,646	271,447	561,093
Net Position - End of Year	\$ 293,826	\$ 256,289	\$ 550,115

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE  
AN INTEGRAL PART OF THIS STATEMENT

Exhibit B-6

MILLBURN TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>Non-Major Funds</u>		<u>Total</u>
	<u>Field Rental/ Joint Facilities</u>	<u>Food Service</u>	<u>Enterprise Funds</u>
Cash Flows from Operating Activities:			
Receipts from Customers	\$ 62,780	\$ 704,280	\$ 767,060
Payments to Food Service Contractors		(679,113)	(679,113)
Payments to Suppliers	(51,428)	(16,942)	(68,370)
Net Cash Provided by Operating Activities	<u>11,352</u>	<u>8,225</u>	<u>19,577</u>
Cash Flows from Investing Activities:			
Interest Income		271	271
Net Cash Provided by Investing Activities		<u>271</u>	<u>271</u>
Cash Flows from Capital and Related Financing Activities:			
Purchase of Capital Assets		(16,380)	(16,380)
Net Cash Used for Capital and Relating Financing Activities		<u>(16,380)</u>	<u>(16,380)</u>
Cash Flows from Noncapital & Financing Activities:			
State Sources		250	250
Federal Sources		4,410	4,410
Net Cash Provided by Noncapital & Financing Activities		<u>4,660</u>	<u>4,660</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	11,352	(3,224)	8,128
Cash and Cash Equivalents, July 1	300,536	264,530	565,066
Cash and Cash Equivalents, June 30	<u>\$ 311,888</u>	<u>\$ 261,306</u>	<u>\$ 573,194</u>
Reconciliation of Operating Income/(Loss) to Net Cash Provided by/(Used for) Operating Activities:			
Operating Income/(Loss)	\$ 4,180	\$ (14,445)	\$ (10,265)
Adjustment to Reconcile Operating Income to Net Cash Provided by Operating Activities:			
Depreciation		4,501	4,501
Changes in Assets and Liabilities:			
Decrease in Other Accounts Receivable		5,107	5,107
(Increase) in Inventory		(1,892)	(1,892)
Increase/(Decrease) in Accounts Payable	7,172	(8,486)	(1,314)
Decrease in Unearned Revenue		23,440	23,440
Net Cash Provided by Operating Activities	<u>\$ 11,352</u>	<u>\$ 8,225</u>	<u>\$ 19,577</u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE  
AN INTEGRAL PART OF THIS STATEMENT

Exhibit B-7

MILLBURN TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2015

	<u>Agency</u>	<u>Unemployment Compensation Trust</u>	<u>Flexible Spending Trust</u>	<u>Private Purpose Scholarships Trust</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 407,452	\$ 387,354	\$ 95,339	\$ 1,783
Total Assets	<u>407,452</u>	<u>387,354</u>	<u>95,339</u>	<u>1,783</u>
<u>LIABILITIES:</u>				
Payroll Deductions and Withholdings	94,817			
Due to Student Groups	<u>312,635</u>			
Total Liabilities	<u>407,452</u>			
<u>NET POSITION:</u>				
Held in Trust for:				
Unemployment Claims		387,354		
Flexible Spending Claims			95,339	
Scholarships				<u>1,783</u>
Total Net Position	<u>\$ -0-</u>	<u>\$ 387,354</u>	<u>\$ 95,339</u>	<u>\$ 1,783</u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE  
AN INTEGRAL PART OF THIS STATEMENT

Exhibit B-8

MILLBURN TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Unemployment Compensation Trust	Flexible Spending Trust	Private Purpose Scholarships Trust
ADDITIONS:			
Contributions:			
Plan Members	\$ 71,394	\$ 214,043	
Total Contributions	71,394	214,043	
Investment Earnings:			
Interest			\$ 1
Net Investment Earnings			1
Total Additions	71,394	214,043	1
DEDUCTIONS:			
Unemployment Benefit Claims	59,592		
Flexible Spending Claims		190,490	
Total Deductions	59,592	190,490	
Change in Net Position	11,802	23,553	1
Net Position - Beginning of the Year	375,552	71,786	1,782
Net Position - End of the Year	<u>\$ 387,354</u>	<u>\$ 95,339</u>	<u>\$ 1,783</u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE  
AN INTEGRAL PART OF THIS STATEMENT

MILLBURN TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Board of Education (the “Board”) of Millburn Township School District (the “District”) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Board’s accounting policies are described below.

A. Reporting Entity

The Board is an instrumentality of the State of New Jersey, established to function as an educational institution. The Board consists of elected officials and is responsible for the fiscal control of the District. A superintendent is appointed by the Board and is responsible for the administrative control of the District.

Governmental Accounting Standards Board publication, Codification of Governmental Accounting and Financial Reporting Standards, Section 2100, “Defining the Financial Reporting Entity” establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. The basic criterion for inclusion or exclusion from the financial reporting entity is the exercise of oversight responsibility over agencies, boards and commissions by the primary government. The exercise of oversight responsibility includes financial interdependency and a resulting financial benefit or burden relationship, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters. In addition, certain legally separate, tax-exempt entities that meet specific criteria (i.e. benefit of economic resources, access/entitlement to economic resources, and significances) should be included in the financial reporting entity. The combined financial statements include all funds of the District over which the Board exercises operating control. The operations of the District include five elementary schools, a middle school and a high school located in the Township of Millburn. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

B. Basis of Presentation:

District-Wide Financial Statements:

The statement of net position and the statement of activities present financial information about the District’s governmental and business type activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. These statements distinguish between the governmental and business type activities of the District. Governmental activities generally are financed through taxes, intergovernmental revenue and other nonexchange transactions. Business type activities are financed in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenue for business-type activities and for each function of the District’s governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses are allocated to the functions using an appropriate allocation method or association with the specific function. Indirect expenses include health benefits, employer’s share of payroll taxes, compensated absences and tuition reimbursements. Program revenue includes (a) charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenue that is not classified as program revenue, including all taxes, is presented as general revenue. The comparison of direct expenses with program revenues identifies the extent to which each government function or business segment is self-financing or draws from the general revenues of the District.

MILLBURN TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
 (Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

B. Basis of Presentation (Cont'd)

Fund Financial Statements:

During the fiscal year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category – governmental, proprietary and fiduciary – are presented. The New Jersey Department of Education (NJDOE) has elected to require New Jersey districts to treat each governmental fund as a major fund in accordance with the option noted in GASB No. 34, paragraph 76. The NJDOE believes that the presentation of all funds as major is important for public interest and to promote consistency among district financial reporting models.

The District reports the following governmental funds:

General Fund: The General Fund is the general operating fund of the District and is used to account for and report all expendable financial resources not accounted for and reported in another fund. Included are certain expenditures for vehicles and movable instructional or noninstructional equipment which are classified in the capital outlay subfund.

As required by NJDOE, the District includes budgeted capital outlay in this fund. GAAP, as it pertains to governmental entities, states that general fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenue. Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to current expenses by board resolution.

Special Revenue Fund: The Special Revenue Fund is used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. Thus the Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Governments (other than major capital projects, debt service or the enterprise funds) and local appropriations that are legally restricted or committed to expenditures for specified purposes.

Capital Projects Fund: The Capital Projects Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets (other than those financed by proprietary funds). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election, funds appropriated from the General Fund, and from aid provided by the state to offset the cost of approved capital projects.

Debt Service Fund: The Debt Service Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

MILLBURN TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

B. Basis of Presentation (Cont'd)

The District reports the following proprietary fund:

Enterprise Funds: The Enterprise Funds account for all revenue and expenses pertaining to the Board's Food Service and Field Rental/Joint Facilities programs. The Food Service and Field Rental/Joint Facilities programs are utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the cost (i.e., expenses including depreciation and indirect costs) of providing goods or services to the students and community on a continuing basis are financed or recovered primarily through user charges.

Additionally, the District reports the following fund type:

Fiduciary Funds: The Fiduciary Funds are used to account for assets held by the District on behalf of others and includes the Student Activities, Payroll Agency, Unemployment Compensation Trust, Flexible Spending Trust and Private Purpose Scholarship Trust.

C. Measurement Focus and Basis of Accounting

The District-wide financial statements and the proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The Governmental Fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenue is recognized when measurable and available. The District considers all revenue reported in the Governmental Funds to be available if the revenue is collected within sixty days after the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in the Governmental Funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

It is the District's policy, that when an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, to apply restricted resources first followed by unrestricted resources. Similarly, within unrestricted fund balance, it is the District's policy to apply committed resources first followed by assigned resources and then unassigned resources when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Under the terms of grant agreements, the District may fund certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenue. Therefore, when program expenses are incurred, both restricted and unrestricted net position may be available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, followed by general revenue.

MILLBURN TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

D. Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the General, Special Revenue and Debt Service Funds. The budget for the fiscal year ended June 30, 2015 was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. All budget amendments/transfers must be made by School Board resolution. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budget during the year).

Formal budgetary integration into the accounting system is employed as a management control device during the year. For Governmental Funds, there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles, with the exception of the Special Revenue Fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

The accounting records of the Special Revenue Fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenue, whereas the GAAP basis does not.

The General Fund budgetary revenue differs from GAAP revenue due to a difference in recognition of the last two state aid payments for the current year. Since the State is recording the last two state aid payments in the subsequent fiscal year, the District cannot recognize these payments in the GAAP financial statements.

Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenue and Expenditures:

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 87,229,848	\$ 1,788,361
Differences - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue, Whereas the GAAP Basis does not.		
Prior Year Encumbrances		34,536
Prior Year State Aid Payments Recognized for GAAP Purposes, not Recognized for Budgetary Statements	178,048	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	<u>(186,952)</u>	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ 87,220,944</u>	<u>\$ 1,822,897</u>

MILLBURN TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

D. Budgets/Budgetary Control (Cont'd)

	General Fund	Special Revenue Fund
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 88,179,175	\$ 1,788,361
Differences - Budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		
Prior Year Encumbrances		34,536
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 88,179,175	\$ 1,822,897
		Capital Projects Fund
	Revenue	Fund Balance
Revenue/Restricted or Committed Fund Balance	\$ 1,074,380	\$ 147,751
Committed - Year End Encumbrances		1,443,656
	1,074,380	1,591,407
Reconciliation to Governmental Funds Statements (GAAP):		
SDA Grant Receivable not Recognized on GAAP Basis	(638,725)	(638,725)
Revenue/Fund Balance per Governmental Funds (GAAP)	\$ 435,655	\$ 952,682

E. Cash and Cash Equivalents and Investments

Cash and cash equivalents include petty cash, change funds, amounts in deposits, and short-term investments with original maturities of three months or less.

New Jersey school districts are limited as to the type of investments and types of financial institutions they may invest in. New Jersey Statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts. Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey.

N.J.S.A 17:9-41et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a depository unless such funds are secured in accordance with the Act. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having market value of at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all the other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

MILLBURN TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

F. Interfund Transactions:

Transfers between governmental and business-type activities on the District-wide statements are reported in the same manner as general revenues. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers.

Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in the enterprise fund. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements. On fund financial statements, short-term interfund loans are classified as interfund receivables/payables. These amounts are eliminated in the statement of net position, except for amounts due between governmental and business-type activities or governmental and agency funds, which are presented as internal balances.

G. Allowance for Uncollectible Accounts:

No allowance for uncollectible accounts has been recorded as all amounts are considered collectible.

H. Encumbrances:

Under encumbrance accounting purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds other than the Special Revenue Fund are reported as restricted, committed and/or assigned fund balances at fiscal year-end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

Open encumbrances in the special revenue fund for which the District has received advances are reflected in the balance sheet as unearned revenue at fiscal year-end.

The encumbered appropriation authority carries over into the next fiscal year. An entry will be made at the beginning of the next fiscal year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount as of the current fiscal year end.

I. Short-term Interfund Receivables/Payables:

Short-term interfund receivables/payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the District and that are due within one year.

J. Inventories and Prepaid Expenses:

Inventories and prepaid expenses, which benefit future periods, other than those recorded in the enterprise fund, are recorded as an expenditure during the year of purchase.

Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2015.

MILLBURN TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

K. Capital Assets:

During the year ended June 30, 1994, the District established a formal system of accounting for its capital assets. Capital assets acquired or constructed subsequent to June 30, 1994, are recorded at historical cost including ancillary charges necessary to place the asset into service.

Capital assets acquired or constructed prior to the establishment of the formal system are valued at cost based on historical records or through estimation procedures performed by an independent appraisal company. Land has been recorded at estimated historical cost. Donated capital assets are valued at their estimated fair market value on the date received. The cost of normal maintenance and repairs is not capitalized. The District does not possess any infrastructure. Capital assets have been reviewed for impairment. The capitalization threshold (the dollar value above which asset acquisitions are added to the capital asset accounts) is \$2,000. The depreciation method is straight-line. The estimated useful lives of capital assets reported in the District-wide statements and proprietary funds are as follows:

	<u>Estimated Useful Life</u>
Buildings	50 years
Site Improvements	20 years
Furniture and Equipment	10 to 15 years
Computer and Related Technology	5 years
Vehicles	8 years

In the Fund financial statements, capital assets used in Governmental fund operations are accounted for as capital outlay expenditures in the Governmental Funds upon acquisition. Capital assets are not capitalized and the related depreciation is not reported in the Fund financial statements.

L. Long Term Liabilities:

In the District-wide and Enterprise Fund statements of net position, long-term debt and other long-term obligations are reported as liabilities in the applicable Government activities, Business-type activities, or Enterprise Funds. Bond premium and discounts, are reported as deferred charges and amortized over the term of the related debt using the straight-line method of amortization. In the Fund financial statements, the face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

M. Accrued Salaries and Wages:

The District does not allow employees who provide services over the ten-month academic year the option to have their salaries evenly distributed during the entire twelve-month year; therefore, there are no accrued salaries and wages as of June 30, 2015.

N. Compensated Absences:

The District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by Governmental Accounting Standards Board Statement No. 16 (GASB 16), *Accounting for Compensated Absences*. A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

MILLBURN TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

N. Compensated Absences: (Cont'd)

District employees are granted varying amounts of vacation and sick leave in accordance with the District's various employee contracts/agreements. Upon termination, employees are paid for accrued vacation. The District's various employee contracts/agreements permit employees to accumulate unused sick leave and carry forward the full amount to subsequent years. Upon retirement, employees shall be paid by the District for the unused sick leave in accordance with the District's various employee contracts/agreements.

In the district-wide *Statement of Net Position*, the liabilities, whose average maturities are greater than one year, should be reported in two components – the amount due within one year and the amount due in more than one year.

O. Unearned Revenue:

Unearned revenue in the special revenue fund represents cash which has been received but not yet earned.

P. Fund Balance Appropriated:

General Fund: Of the \$6,936,611 General Fund balance at June 30, 2015, \$391,347 is assigned for year end encumbrances; \$671,135 is restricted in the capital reserve account; \$700,000 has been restricted in an emergency reserve; \$1,842,000 is restricted as prior year excess surplus in accordance with N.J.S.A. 18A:7F-7 as amended by P.L. 2004, C.73 (S1701) and has been appropriated and included as anticipated revenue for the fiscal year ending June 30, 2016; \$1,842,000 is restricted for current year excess surplus in accordance with N.J.S.A. 18A:7F-7 as amended by P.L. 2004, C.73 (S1701) and will be appropriated and included as anticipated revenue for the fiscal year ending June 30, 2017; and \$1,490,129 is unassigned, which is \$186,952 less than the calculated unassigned fund balance, on a GAAP basis, due to the last two state aid payments, which are not recognized until the fiscal year ended June 30, 2016.

Capital Projects Fund: Of the \$952,682 fund balance in the Capital Projects Fund at June 30, 2015, \$119,038 is restricted for Capital Projects and \$833,644 is committed for Capital Projects, which is \$638,725 less than on the budgetary basis because the SDA grant receivable is not recognized on the GAAP basis until reimbursement request is submitted to the State.

Debt Service Fund: Of the \$119,099 restricted fund balance in the Debt Service Fund at June 30, 2015, \$119,066 is anticipated revenue for the fiscal year ended June 30, 2016 and \$33 is restricted for the next subsequent year's budget.

Calculation of Excess Surplus: In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2004, C.73 (s1701), the designation for Restricted Fund Balance-Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict General Fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The District has excess surplus as outlined above.

P.L. 2003, C.97 provides that in the event state school aid payments are not made until the following school budget year, districts must record the last state aid payments as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability.

MILLBURN TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

P. Fund Balance Appropriated: (Cont'd)

Since the State is recording the last two state aid payments in the subsequent fiscal year, the school district cannot recognize these last state aid payments on the GAAP financial statements until the year the State records the payable. The excess surplus calculation is calculated using the fund balance reported on the Budgetary Comparison Schedule, including the last two state aid payments and not the fund balance reported on the fund statement which excludes the last two state aid payments noted above.

Q. Deficit Net Position:

The District has a deficit in unrestricted net position of \$21,593,726 in its governmental activities, which is due to unassigned fund balance of \$1,490,129; \$391,347 of General Fund fund balance assigned for encumbrances; \$833,644 of committed fund balance; and \$1,194,862 of deferred amount on refunding, investment gains in pensions of \$1,198,623 and net pension liability of \$20,216,563; offset by changes in pension assumptions of \$633,587, changes in proportion in pensions of \$662,891, accrued interest payable of \$566,293, unamortized bond premium of \$3,074,662 and \$1,744,045 of compensated absences payable. This deficit does not indicate the District is in financial difficulties and is a permitted practice under generally accepted accounting principles.

R. Net Position:

Net position is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources.

A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period. A deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period. The District has deferred outflow of resources for the deferred amount on refunding bonds, changes in assumptions in pensions and changes in proportion in pensions at June 30, 2015. The District had deferred inflows of resources at June 30, 2015 for the net difference between projected and actual investment earnings on pension plan investments.

Net position is displayed in three components - net investment in capital assets; restricted and unrestricted.

The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also would be included in this component of net position.

The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

The unrestricted component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

MILLBURN TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

S. Fund Balance Restrictions, Commitments and Assignments:

The restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. The committed fund balance classification includes amounts that can be used only for the specific purposes determined for a formal action of the District's highest level of decision-making authority.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. Unassigned fund balance is the residual classification for the District's General Fund and includes all spendable amounts not contained in the other classifications. In other funds, the unassigned classifications should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts has been restricted, committed or assigned.

Fund balance restrictions have been established for excess surplus, a capital reserve, an emergency reserve, the capital projects fund and the debt service fund.

The District Board of Education has the responsibility to formally commit resources for specific purposes through a motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body. The Board of Education must also utilize a formal motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body in order to remove or change the commitment of resources. The District has \$833,644 of committed fund balance at June 30, 2015 in its Capital Projects Fund.

The assignment of resources is generally made by the District Board of Education through a motion or a resolution passed by a majority of the Members of the Board of Education. These resources are intended to be used for a specific purpose. The process is not as restrictive as the commitment of resources and the Board of Education may allow an official of the District to assign resources through policies adopted by the Board of Education. The District has \$391,347 of assigned resources for year-end encumbrances in the General Fund at June 30, 2015.

T. Revenue - Exchange and Nonexchange Transactions:

Revenue, resulting from exchange transactions in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means within sixty days of the fiscal year end.

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal yearend: property taxes, interest and tuition.

MILLBURN TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

U. Operating Revenue and Expenses:

Operating revenue are those revenues that are generated directly from the primary activities of the Enterprise Funds. These revenues are sales for Food Service, and program fees for Field Rental/Joint Facilities. Operating expenses are necessary costs incurred to provide the services that are the primary activities of the Enterprise Funds.

V. Management Estimates:

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of revenue and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

W. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the State of New Jersey Public Employees' Retirement System (PERS) and the State of New Jersey Teachers' Pension and Annuity Fund (TPAF) and additions to/deductions from the PERS's and TPAF's net position have been determined on the same basis as they are reported by the PERS and the TPAF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Pension Plan investments are reported at fair value.

NOTE 2. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS

Due to the differences in the measurement focus and basis of accounting used on the government fund statements and district-wide statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items.

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash and cash equivalents include petty cash, change funds, amounts in deposits, and short-term investments with original maturities of three months or less.

Investments are stated at cost, which approximates market. The Board classifies certificates of deposit which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

GASB Statement No. 40, *Governmental Accounting Standards Board Deposit and Investment Risk Disclosures*, requires disclosure of the level of custodial credit risk assumed by the District in its cash, cash equivalents and investments, if those items are uninsured or unregistered. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned.

Interest Rate Risk - In accordance with its cash management plan, the District ensures that any deposit or investment matures within the time period that approximates the prospective need for the funds, deposited or invested, so that there is not a risk to the market value of such deposits or investments.

Credit Risk - The District limits its investments to those authorized in its cash management plan which are those permitted under state statute as detailed on the following page.

MILLBURN TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Cont'd)

Deposits:

New Jersey statutes require that school districts deposit public funds in public depositories located in New Jersey which are insured by the Federal Deposit Insurance Corporation or by any other agency of the United States that insures deposits made in public depositories. School districts are also permitted to deposit public funds in the State of New Jersey Cash Management Fund.

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed depository insurance limits as follows:

The market value of the collateral must equal at least 5% of the average daily balance of collected public funds on deposit.

In addition to the above collateral requirement, if the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%.

All collateral must be deposited with the Federal Reserve Bank, the Federal Home Loan Bank Board, or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

Investments:

New Jersey statutes permit the Board to purchase the following types of securities:

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investment of the Department of the Treasury for investment by local units;
- (5) Local government investment pools;
- (6) Deposits with the State of New Jersey Cash Management Fund; or
- (7) Agreements for the repurchase of fully collateralized securities if:
  - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) above;
  - (b) the custody of collateral is transferred to a third party;
  - (c) the maturity of the agreement is not more than 30 days;
  - (d) the underlying securities are purchased through a public depository as defined in statute; and

MILLBURN TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Cont'd)

Investments: (Cont'd)

- (e) a master repurchase agreement providing for the custody and security of collateral is executed.

As of June 30, 2015, cash and cash equivalents of the District consisted of the following:

	<u>Restricted Cash and Cash Equivalents</u>		<u>Cash and</u>	<u>Total</u>
	<u>Capital Reserve</u>	<u>Emergency Reserve</u>	<u>Cash Equivalents</u>	
Checking/Money Market Accounts		\$ 700,000	\$ 8,866,097	\$ 9,566,097
NJ ARM	\$ 671,135		1,070,363	1,741,498
	<u>\$ 671,135</u>	<u>\$ 700,000</u>	<u>\$ 9,936,460</u>	<u>\$ 11,307,595</u>

During the period ended June 30, 2015, the District did not hold any investments. The carrying amount of the Board's cash and cash equivalents at June 30, 2015, was \$11,307,595 and the bank balance was \$12,448,930. The balance of \$1,468,681 in NJ ARM is uninsured and unregistered.

NOTE 4. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the District by inclusion of \$1 on October 10, 2000 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the District's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the State Department of Education, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line item appropriation amounts, or both.

A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6:23A-5.1(d)7, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

Beginning Balance, July 1, 2014	\$ 1,964,623
Add:	
Interest Earnings	86
Return of Unexpended Balance from Capital Outlay	45,179
Transfer from Unassigned Fund Balance as of Board Resolution - June 22, 2015	272,817
Less:	
Budgeted Withdrawal from Capital Reserve	<u>(1,611,570)</u>
Ending Balance, June 30, 2015	<u>\$ 671,135</u>

MILLBURN TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

(Continued)

NOTE 4. CAPITAL RESERVE ACCOUNT (Cont'd)

The balance in the capital reserve account at June 30, 2015 does not exceed the local support costs of uncompleted capital projects in the District's approved LRFP. The withdrawal from the capital reserve was for use in DOE approved facilities projects, consistent with the District's LRFP.

NOTE 5. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2015 were as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Adjustments/ Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets not Being Depreciated:				
Sites (Land)	\$ 109,045			\$ 109,045
Construction in Progress		\$ 1,213,581	\$ (1,089,137)	124,444
Total Capital Assets Not Being Depreciated	<u>109,045</u>	<u>1,213,581</u>	<u>(1,089,137)</u>	<u>233,489</u>
Capital Assets Being Depreciated:				
Site Improvements	5,190,278	215,306		5,405,584
Buildings and Building Improvements	74,477,683	96,367	1,089,137	75,663,187
Machinery and Equipment	5,578,033	664,799	(213,887)	6,028,945
Total Capital Assets Being Depreciated	<u>85,245,994</u>	<u>976,472</u>	<u>875,250</u>	<u>87,097,716</u>
Governmental Activities Capital Assets	<u>85,355,039</u>	<u>2,190,053</u>	<u>(213,887)</u>	<u>87,331,205</u>
Less Accumulated Depreciation for:				
Site Improvements	(1,672,519)	(218,791)		(1,891,310)
Buildings and Building Improvements	(28,253,245)	(1,433,629)		(29,686,874)
Machinery and Equipment	(2,548,700)	(467,342)	171,794	(2,844,248)
	<u>(32,474,464)</u>	<u>(2,119,762)</u>	<u>171,794</u>	<u>(34,422,432)</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 52,880,575</u>	<u>\$ 70,291</u>	<u>\$ (42,093)</u>	<u>\$ 52,908,773</u>
Business Type Activities:				
Capital Assets Being Depreciated:				
Machinery and Equipment	\$ 169,523	\$ 16,380	\$ (3,615)	\$ 182,288
Less: Accumulated Depreciation	(123,137)	(4,501)	2,631	(125,007)
Business Type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 46,386</u>	<u>\$ 11,879</u>	<u>\$ (984)</u>	<u>\$ 57,281</u>

The District expended \$1,213,581 on various capital projects and transferred \$1,089,137 of completed projects to depreciable capital assets during the fiscal year. The District also expended \$976,472 from its capital outlay budget and disposed of assets with a net carrying value of \$42,093 from its governmental activities and \$984 from its business-type activities. The District has \$1,591,407 in active construction projects as of June 30, 2015.

MILLBURN TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

NOTE 5. CAPITAL ASSETS (Cont'd)

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 1,362,344
Special Education Instruction	187,246
Student and Other Instruction Related Services	43,534
General Administration	74,252
School Administration	33,835
Central Services	12,528
Administrative Information Technology	60,197
Operations and Maintenance of Plant	174,450
Student Transportation	72,096
Unallocated	99,280
	<u>\$ 2,119,762</u>

NOTE 6. OPERATING LEASES

The District has commitments to lease copying equipment and digital mailing machines under operating leases which expire in 2020. Future minimum lease payments are as follows:

<u>Year Ending</u>	<u>Amount</u>
June 30, 2016	\$ 85,297
June 30, 2017	75,282
June 30, 2018	61,172
June 30, 2019	38,687
June 30, 2020	15,688
Total future minimum lease payments	<u>\$ 276,126</u>

NOTE 7. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2015, the following changes occurred in liabilities reported in the district-wide financial statements:

	(Restated) Balance 6/30/2014	Accrued	Retired	Balance 6/30/2015
Serial Bonds Payable	\$ 37,454,000	\$ 12,110,000	\$ 16,875,000	\$ 32,689,000
Capital Leases Payable	1,654,759	804,903	515,572	1,944,090
Compensated Absences Payable	1,613,201	215,291	84,447	1,744,045
Net Pension Liability	19,845,842	370,721		20,216,563
	<u>\$ 60,567,802</u>	<u>\$ 13,500,915</u>	<u>\$ 17,475,019</u>	<u>\$ 56,593,698</u>

MILLBURN TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

NOTE 7. LONG-TERM LIABILITIES (Cont'd)

A. Bonds Payable:

Bonds are authorized in accordance with State law by the voters of the municipality through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Board are general obligation bonds.

On February 19, 2015, the District issued refunding bonds of \$12,110,000 with interest rates ranging from 4.0% to 5.0% to advance refund \$13,500,000 of the 2007 school bonds with an interest rate of 4.25%. The bonds mature on July 15, 2018 through 2027 and are non-callable. The net proceeds from the issuance of the general obligation bonds were used to purchase U.S. government securities and those securities were deposited in an irrevocable trust with an escrow agent to provide debt service payments until the school bonds are called on July 15, 2017. The advance refunding met the requirements of an in-substance debt defeasance and the school bonds were removed from the School's government-wide financial statements.

As a result of the advance refunding, the District will realize a total of \$1,368,437 in cash savings over the life of the bond issue. On a net present value basis, the savings equate to \$1,200,227, or 8.89%, of the bonds refunded.

The District had bonds outstanding as of June 30, 2015 as follows:

Final Maturity Date	<u>Serial Bonds</u>		Amount
	Interest Rate		
07/15/19	5.35%		\$ 5,749,000
01/15/22	3.70%		5,770,000
07/15/17	4.25%		2,550,000
09/15/23	2.00%-4.00%		6,510,000
07/15/27	4.00%-5.00%		12,110,000
			<u>\$ 32,689,000</u>

Principal and interest due on serial bonds outstanding will be liquidated through the Debt Service Fund and are as follows:

Fiscal Year Ending June 30,	<u>Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 3,390,000	\$ 1,320,575	\$ 4,710,575
2017	3,505,000	1,230,756	4,735,756
2018	3,625,000	1,076,126	4,701,126
2019	3,665,000	919,569	4,584,569
2020	3,714,000	762,311	4,476,311
Thereafter 5 Years (2021-2025)	10,695,000	2,132,700	12,827,700
Thereafter 5 Years (2026-2028)	4,095,000	307,625	4,402,625
	<u>\$ 32,689,000</u>	<u>\$ 7,749,662</u>	<u>\$ 40,438,662</u>

MILLBURN TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

NOTE 7. LONG-TERM LIABILITIES (Cont'd)

B. Bonds Authorized But Not Issued:

As of June 30, 2015, the Board had \$3,191,000 bonds authorized but not issued.

C. Capital Leases Payable:

The District is leasing laptops, computers and other related technology equipment under capital leases valued at \$3,220,549, of which \$1,276,459 has matured and been repaid. The capital leases are for terms of five years. The following is a schedule of the future minimum lease payments under the capital leases, and the present value of the net minimum lease payments at June 30, 2015.

<u>Fiscal Year</u>	<u>Amount</u>
2016	\$ 504,860
2017	504,860
2018	504,860
2019	432,137
	1,946,717
Less: Amount Representing Interest	(2,627)
Present Value Net of Minimum Lease Payments	\$ 1,944,090

The current portion of capital leases payable at June 30, 2015 is \$503,556 and the long-term portion is \$1,440,534. The General Fund will be used to liquidate the capital leases payable.

D. Compensated Absences Payable:

The liability for compensated absences of the Governmental fund types is recorded in the current and long-term liabilities. The compensated absences balance of the governmental funds as of June 30, 2015 is \$1,744,045, none of which represents a current liability; therefore, the entire balance is reported as a long-term liability. The General Fund will be used to liquidate compensated absences payable.

There is no liability for compensated absences in the Proprietary fund types.

E. Net Pension Liability:

The Public Employees' Retirement System's (PERS) net pension liability of the governmental fund types is recorded in the current and long-term liabilities and will be liquidated by the General Fund. The current portion of the net pension liability at June 30, 2015 is \$-0- and the long-term portion is \$20,148,822. See Note 8 for further information on the PERS.

The Board of Education Employee's Pension Fund of Essex County's (the "Fund") net pension liability of the governmental fund types is recorded in the current and long-term liabilities and will be liquidated by the General Fund. The current portion of the net pension liability at June 30, 2015 is \$-0- and the long-term portion is \$67,741. See Note 8 for further information on the Fund.

MILLBURN TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

NOTE 8. PENSION PLANS

Substantially all of the Board's employees participate in one of the two contributory, defined benefit public employee retirement systems: the Teachers' Pension and Annuity Fund (TPAF) or the Public Employee's Retirement System (PERS) of New Jersey; or the Defined Contribution Retirement Program (DCRP). A small number of the District's retirees participate in the Board of Education Employees' Pension Fund of Essex County (the "Plan").

A. Public Employees' Retirement System (PERS)

Plan Description

The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about the PERS, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at [www.state.nj.us/treasury/pensions/annrpts.shtml](http://www.state.nj.us/treasury/pensions/annrpts.shtml).

Benefits Provided

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS. The following represents the membership tiers for PERS:

<u>Tier</u>	<u>Definition</u>
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of  $1/55^{\text{th}}$  of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of  $1/60^{\text{th}}$  of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 before age 62 with 25 or more years of service credit and Tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a members retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 50 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Contributions

The contribution policy for PERS is set by N.J.S.A. 15A and requires contributions by active members and contributing members. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law.

MILLBURN TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

(Continued)

NOTE 8. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. District contributions to PERS amounted to \$887,178 for fiscal year 2015.

The employee contribution rate was 6.92% effective July 1, 2014. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1st to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2015, the District reported a liability of \$20,148,822 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2013 which was rolled forward to June 30, 2014. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2014, the District's proportion was 0.108%, which was an increase of 0.004% from its proportion measured as of June 30, 2013.

For the fiscal year ended June 30, 2015, the District recognized pension expense of \$1,166,901. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in Assumptions	\$ 633,587	
Changes in Proportion	662,891	
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments		\$ 1,200,760
	<u>\$ 1,296,478</u>	<u>\$ 1,200,760</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts including changes in proportion) related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Total</u>
2015	\$ (183,722)
2016	(183,721)
2017	(183,722)
2018	(183,722)
2019	116,468
Thereafter	<u>51,246</u>
	<u>\$ (567,173)</u>

MILLBURN TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Actuarial Assumptions

The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013 which was rolled forward to June 30, 2014. The total pension liability for the June 30, 2013 measurement date was determined by an actuarial valuation as of July 1, 2013. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	3.01%
Salary Increases:	
2012-2021	2.15 – 4.40% based on age
Thereafter	3.15 – 5.40% based on age
Investment Rate of Return	7.90%

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA.

The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2014 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	6.00%	0.80%
Core Bonds	1.00%	2.49%
Intermediate-Term Bonds	11.20%	2.26%
Mortgages	2.50%	2.17%
High Yield Bonds	5.50%	4.82%
Inflation-Indexed Bonds	2.50%	3.51%
Broad U.S. Equities	25.90%	8.22%
Developed Foreign Equities	12.70%	8.12%
Emerging Market Equities	6.50%	9.91%
Private Equity	8.25%	13.02%
Hedge Funds/Absolute Return	12.25%	4.92%
Real Estate (Property)	3.20%	5.80%
Commodities	2.50%	5.35%

MILLBURN TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Discount Rate

The discount rate used to measure the total pension liability was 5.39% as of June 30, 2014. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9% and a municipal bond rate of 4.29% as of June 30, 2014 based on the Bond Buyer Go 20 Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based upon the average of the last five years of contributions made in relation to the last five years of recommended contributions. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the collective net pension liability as of June 30, 2014 calculated using the discount rate as disclosed below, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	Fiscal Year Ended June 30, 2014		
	1% Decrease (4.39%)	Current Discount Rate (5.39%)	1% Increase (6.39%)
District's proportionate share of the Net Pension Liability	\$ 25,347,905	\$ 20,148,822	\$ 15,782,916

Pension plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial statements.

B. Teachers' Pension and Annuity Fund (TPAF)

Plan Description

The State of New Jersey, Teachers' Pension and Annuity Fund (TPAF), is a cost-sharing multiple-employer defined benefit pension plan with a special funding situation, by which the State of New Jersey (the State) is responsible to fund 100% of the employer contributions, excluding any local employer early retirement incentive (ERI) contributions. The TPAF is administered by the State of New Jersey Division of Pensions and Benefits (the Division). For additional information about the TPAF, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at [www.state.nj.us/treasury/pensions/annrpts.shtml](http://www.state.nj.us/treasury/pensions/annrpts.shtml).

MILLBURN TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Benefits Provided

The vesting and benefit provisions are set by N.J.S.A. 18A:66. TPAF provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of TPAF. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts. The following represents the membership tiers for TPAF:

<u>Tier</u>	<u>Definition</u>
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Contributions

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which included the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2014, the State's pension contribution was less than the actuarially determined

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers, such as the District. This note discloses the portion of the District's total proportionate share of the net pension liability that is associated with the District. During the fiscal year ended 2015, the State of New Jersey contributed \$2,199,576 to the TPAF for normal pension benefits on behalf of the District, which is less than the contractually required contribution of \$11,292,097.

The employee contribution rate was 6.92% effective July 1, 2014. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1st to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2015, the State's proportionate share of the net pension liability associated with the District was \$209,853,654. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2013 which was rolled forward to June 30, 2014.

MILLBURN TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)

NOTE 8. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2014, the District's proportion was 0.393%, which was a decrease of 0.025% from its proportion measured as of June 30, 2013.

District's Proportionate Share of the Net Pension Liability	\$ -0-
State's Proportionate Share of the Net Pension Liability Associated with the District	<u>209,853,654</u>
Total	<u><u>\$ 209,853,654</u></u>

For the fiscal year ended June 30, 2014, the State recognized pension expense on behalf of the District in the amount of \$11,292,097 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2015 financial statements.

The State reported collective deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	\$2,306,623,861	
Difference Between Expected and Actual Experience		\$ 21,969,019
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments		<u>1,741,236,574</u>
	<u><u>\$2,306,623,861</u></u>	<u><u>\$ 1,763,205,593</u></u>

The \$2,306,623,861 reported as deferred outflows of resources related to pensions resulting from changes in assumptions will be amortized over a period of 8.5 years. The \$21,969,019 reported as deferred outflows of resources related to pensions resulting from differences between expected and actual experience will be amortized over a period of 8.5 years. The \$1,741,236,574 reported as a deferred inflow of resources resulting from the difference between projected and actual investment earnings on pension plan investments will be amortized over 5 years.

MILLBURN TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Total</u>
2016	\$ (130,688,498)
2017	(130,688,498)
2018	(130,688,498)
2019	(130,688,496)
2020	304,620,646
Thereafter	761,551,612
	<u>\$ 543,418,268</u>

Actuarial Assumptions

The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013 which was rolled forward to June 30, 2014. The total pension liability for the June 30, 2013 measurement date was determined by an actuarial valuation as of July 1, 2013. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.50%
Salary Increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment Rate of Return	7.90%

Mortality rates were based on the RP-2000 Health Annuitant Mortality Tables for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA. Pre-retirement mortality improvements for active members are projected using Scale AA from the base year of 2000 until the valuation date plus 15 years to account for future mortality improvement. Post-retirement mortality improvements for non-disabled annuitants are projected using Scale AA from the base year of 2000 for males and 2003 for females until the valuation date plus 7 years to account for future mortality improvement.

The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2012.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2014 is summarized in the following table:

MILLBURN TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Long Term Expected Rate of Return (Cont'd)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	6.00%	0.50%
Core Fixed Income	0.00%	2.19%
Core Bonds	1.00%	1.38%
Short-Term Bonds	0.00%	1.00%
Intermediate-Term Bonds	11.20%	2.60%
Long-Term Bonds	0.00%	3.23%
Mortgages	2.50%	2.84%
High Yield Bonds	5.50%	4.15%
Non-U.S. Fixed Income	0.00%	1.41%
Inflation-Indexed Bonds	2.50%	1.30%
Broad U.S. Equities	25.90%	5.88%
Large CAP U.S. Equities	0.00%	5.62%
Mid CAP U.S. Equities	0.00%	6.39%
Small CAP U.S. Equities	0.00%	7.39%
Developed Foreign Equities	12.70%	6.05%
Emerging Market Equities	6.50%	8.90%
Private Equity	8.25%	9.15%
Hedge Funds/Absolute Return	12.25%	3.85%
Real Estate (Property)	3.20%	4.43%
Real Estate (REITS)	0.00%	5.58%
Commodities	2.50%	3.60%
Long Credit Bonds	0.00%	3.74%

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 4.68% as of June 30, 2014. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9% and a municipal bond rate of 4.29% as of June 30, 2014 based on the Bond Buyer Go 20 Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based upon the average of the last five years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2027. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through 2027, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

MILLBURN TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the State as of June 30, 2014 calculated using the discount rate as disclosed above, as well as what the State's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	Fiscal Year Ended June 30, 2014		
	1% Decrease (3.68%)	Current Discount Rate (4.68%)	1% Increase (5.68%)
Total Net Pension Liability	\$ 64,722,984,539	\$ 53,813,067,539	\$ 44,738,870,539

Pension Plan Fiduciary Net Position - TPAF

Detailed information about the TPAF's fiduciary net position is available in the separately issued TPAF financial statements.

C. Defined Contribution Retirement Program (DCRP)

Prudential Financial jointly administers the DCRP investments with the NJ Division of Pensions and Benefits. If an employee is ineligible to enroll in the PERS or TPAF, the employee may be eligible to enroll in the DCRP. DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting is immediate upon enrollment for members of the DCRP.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of the DCRP. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625-0295.

Employers are required to contribute at an actuarially determined rate. Employee contributions are based on percentages of 5.50% for DCRP of employees' annual compensation, as defined. The DCRP was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 and expanded under the provisions of Chapter 89, P.L. 2008. Employee contributions for DCRP are matched by a 3% employer contribution.

For DCRP, the District recognized pension expense of \$27,226 for the fiscal year ended June 30, 2015. Employee contributions to DCRP amounted to \$22,994 for the fiscal year ended June 30, 2015.

D. Board of Education Employees' Pension Fund of Essex County (the Plan)

Plan Description

The Board of Education Employees' Pension Fund of Essex County (the "Plan"), is a multiple-employer contributory defined benefit pension plan that provides pension and life insurance benefits to employees of the Boards of Education within Essex County employed before July 1, 1981, except temporary employees and employees eligible for coverage under any New Jersey State administered pension plan created under prior New Jersey laws.

MILLBURN TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

D. Board of Education Employees' Pension Fund of Essex County (the Plan) (Cont'd)

Plan Description (Cont'd)

The ECPF became effective April 16, 1929. The Plan provides for retirement, service, and non-service connected death and disability benefits for its members. The Plan is governed by New Jersey Statutes under Title 18A, and is administered by a Board of Trustees for the Plan who is also responsible for the management and investment of Plan assets. The Board of Trustees consists of one active and five retired elected Plan members.

Pursuant to New Jersey Public Law enacted in 1980, members were given the option to transfer their membership in the Plan to the PERS. Approximately 2,775 members, 58% of the membership, elected to transfer to PERS effective July 1, 1981. The Plan is closed to new entrants.

Benefits Provided

Regular service retirement benefits are determined as 1/45<sup>th</sup> of the highest 3 year average salary multiplied by the member's years of credited service. A member may elect early retirement benefits if they are under age 60 and have at least 25 years of credited service. The Plan also offers a special veterans benefit, disability and deferred benefits. Group life insurance benefits and death benefits are available to be paid to beneficiaries if elected by the member.

For more complete information about the Plan agreement and vesting and benefit provisions, participants are referred to the pamphlet, *A Summary of Benefits*. Copies of this pamphlet are available from the Pension Fund Administration Office.

Contributions

Contributions are made by the members at 3%, the maximum contribution rate required by statute, of their annual compensation. Contributions made by the Boards are determined annually based upon actuarial valuations. The Boards are required to reimburse the Plan for administrative expenses and cost of living increases associated with its retirees. Plan provisions and contribution requirements are established by New Jersey state statute assets. District contributions to the Plan amounted to \$10,293 for fiscal year 2015.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2015, the District reported a liability of \$67,741 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2015, the District's proportion was 0.176%, which was an increase of 0.018% from its proportion measured as of June 30, 2014.

For the fiscal year ended June 30, 2015, the District recognized pension expense of \$13,032. At June 30, 2015, the District reported deferred outflows of resources related to pensions from the following source. There were no deferred inflows of resources.

MILLBURN TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

D. Board of Education Employees' Pension Fund of Essex County (the Plan) (Cont'd)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

	Deferred Outflows of Resources
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	\$ 2,137
	\$ 2,137

The amounts reported as a deferred outflows of resource related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30,	Total
2016	\$ 427
2017	428
2018	427
2019	428
2020	427
	\$ 2,137

Actuarial Assumptions

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of June 30, 2015. The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of June 30, 2014. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.30%
Salary Increases	4.50%
Investment Rate of Return, net of Plan investment expense, including inflation	7.00%
Cost of Living Adjustments ("COLA")	3.00%

For active members, inactive members and healthy retirees, mortality rates were based on the RP-2000 separate annuitant and non-annuitant tables with static projections using Scale AA through the valuation year plus 7 years for annuitants and the valuation year plus 15 years for no annuitants. For disabled retirees, mortality rates are based on the 1994 Group Annuity Mortality Table set forward 10 years.

MILLBURN TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

D. Board of Education Employees' Pension Fund of Essex County (the Plan) (Cont'd)

Long Term Expected Rate of Return

The long-term rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class including in the Plan's target asset allocation as of June 30, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return *</u>
U.S. Fixed Income	40.00%	1.60%
U.S. Large CAP Equities	50.00%	6.70%
U.S. Small CAP Equities	10.00%	6.70%

\* - Net of 2.6% inflation assumption

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2015. The projection of cash flows used to determine the discount rate assumed that contributions will be made at the actuarially determined amount, including the reimbursement of administrative expenses and COLA payments. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current Plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the collective net pension liability as of June 30, 2015 calculated using the discount rate of 7%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	<u>Fiscal Year Ended June 30, 2015</u>		
	<u>1% Decrease (4.39%)</u>	<u>Current Discount Rate (5.39%)</u>	<u>1% Increase (6.39%)</u>
District's proportionate share of the Net Pension Liability	\$ 92,188	\$ 67,741	\$ 46,588

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Plan financial statements.

MILLBURN TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

NOTE 9. POST-RETIREMENT BENEFITS

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required TPAF and PERS, respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2014, there were 103,432 retirees eligible for post-retirement medical benefits and the State contributed \$1.04 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994. C.62. Funding of post-retirement medical premiums changed from a pre-funding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to Chapter 126, P.L. 1992, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a Board of Education or County College with 25 years of service. The State paid \$165.8 million toward Chapter 126 benefits for 18,122 eligible retired members in Fiscal Year 2014.

The State's on-behalf Post-Retirement Medical Contributions to TPAF for the District amounted to \$3,491,830, \$3,053,427 and \$2,521,179 for 2015, 2014 and 2013, respectively. These amounts have been included in the District-wide financial statements and the fund-based statements as revenues and expenditures in accordance with GASB Statement No. 24.

NOTE 10. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions; injuries to employees; and natural disasters. The District obtained its health benefit coverage through the New Jersey State Health Benefits Program.

Property and Liability Insurance

The Millburn Township School District obtains commercial insurance coverage for general liability, property and automobile coverage. The Millburn Township School District is also a member of the Pooled Insurance Program of New Jersey (the "Fund"). This public entity risk management pool provides workers' compensation for its members. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report. The Fund is a risk-sharing public entity risk pool that is an insured and self-administered group of school boards established for the purpose of providing low-cost insurance for its respective members in order to keep local property taxes to a minimum.

Each member appoints an official to represent their respective entity for the purpose of creating a governing body from which officers for the Fund are elected.

As a member of this Fund, the District could be subject to supplemental assessments in the event of deficiencies. If the assets of the Fund were to be exhausted, members would become responsible for their respective shares of the Fund's liabilities. The Fund can declare and distribute dividends to members upon approval of the State of New Jersey Department of Banking and Insurance. These distributions are divided among the members in the same ratio as their individual assessment related to the total assessment of the membership body.

MILLBURN TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

NOTE 10. RISK MANAGEMENT (Cont'd)

Property and Liability Insurance (Cont'd)

The June 30, 2015 audit report for the Fund is not available as of the date of this report. Selected, summarized financial information for the Fund as of June 30, 2014 is as follows:

Total Assets	\$ 22,450,519
Net Position	\$ 6,847,812
Total Revenue	\$ 8,106,185
Total Expenses	\$ 5,449,440
Change in Net Position	\$ 2,656,745
Members Dividends	\$ 1,406,890

Financial statements for the Fund are available at the Fund's Executive Director's Office:

Office of the Executive Director  
44 Bergen Street  
P.O. Box 270  
Westwood, NJ 07675

New Jersey Unemployment Compensation Insurance

The District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due to the State. The following is a summary of District contributions, interest earned, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District's expendable trust fund for the current and previous two years.

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Interest Earned</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2014-2015	\$ -0-	\$ -0-	\$ 71,394	\$ 59,592	\$ 387,354
2013-2014	50,000	-0-	69,136	69,031	375,552
2012-2013	-0-	-0-	67,866	120,647	325,447

NOTE 11. ECONOMIC DEPENDENCY

The Board of Education receives a substantial amount of its support from federal and state governments. A significant reduction in the level of support, if this were to occur, may have an effect on the Board of Education's programs and activities.

MILLBURN TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

NOTE 12. INTERFUND RECEIVABLES AND PAYABLES

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 34,763	
Special Revenue Fund		\$ 34,675
Capital Projects Fund		309
Debt Service Fund	221	
	<u>\$ 34,984</u>	<u>\$ 34,984</u>

The interfund payable in the Capital Projects Fund is comprised of \$33 of current year interest and \$188 of prior year interest due to the Debt Service Fund and \$88 of current year interest due to the General Fund. The interfund payable in the Special Revenue Fund due to the General Fund is the amount of the cash deficit in the Special Revenue Fund while awaiting reimbursements of expenditures from grantors.

NOTE 13. DEFERRED COMPENSATION

The Board offers its employees a choice of the following deferred compensation plans created in accordance with Internal Revenue Code Section 403(b). The plans, which are administered by the entities listed below, permit participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency.

The plan administrators are as follows:

Variable Annuity Life (VALIC)  
AXA Equitable

Lincoln Investment Planning  
Prudential

AXA Equitable and Lincoln Investment Planning are the plan administrators for the District's Internal Revenue Code Section 457 plans.

NOTE 14. TAX CALENDAR

Property taxes are levied as of January 1 on property values assessed as of the previous calendar year. The tax levy is divided into two billings. The first billing is an estimate of the current year's levy based on the prior year's taxes. The second billing reflects adjustments to the current year's actual levy. The final tax bill is usually mailed on or before June 14th, along with the first half estimated tax bills for the subsequent year.

The first half estimated taxes are divided into two due dates, February 1 and May 1. The final tax bills are also divided into two due dates, August 1 and November 1. A ten-day grace period is usually granted before the taxes are considered delinquent and there is an imposition of interest charges. A penalty may be assessed for any unpaid taxes in excess of \$10,000 at December 31 of the current year. Unpaid taxes of the current and prior year may be placed in lien at a tax sale held after December 10. Taxes are collected by the constituent municipality and are remitted to the local school district on a predetermined mutually agreed-upon schedule.

MILLBURN TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

NOTE 15. CONTINGENT LIABILITIES

Grant Programs

The School District participates in state and federally assisted grant programs. The programs are subject to program compliance audits by grantors or their representatives. The School District is potentially liable for expenditures which may be disallowed pursuant to terms of these grant programs. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.

Litigation

The District is periodically faced with claims and lawsuits arising from its operations. The District estimates that any potential claims or judgments resulting from any litigation and not covered by insurance would not materially affect its financial position.

Encumbrances

At June 30, 2015, there were encumbrances as detailed below in the governmental funds. All of the governmental funds are considered to be major funds:

General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
\$ 391,347	\$ -0-	\$ 1,443,656	\$ 1,835,003

The \$1,443,656 of year-end encumbrances in the Capital Projects Fund on a budgetary basis are included in the \$833,644 committed fund balance on a GAAP basis at June 30, 2015, which is less than the committed fund balance on a budgetary basis because SDA grants receivable are not recognized on the GAAP basis until the reimbursement request has been submitted to the State.

NOTE 16. ACCOUNTS PAYABLE

Accounts payable recorded in the District's Governmental Activities as of June 30, 2015 consisted of the following:

	Governmental Activities			Total Governmental Funds	Business-Type Activities
	General Fund	Special Revenue Fund	Capital Projects Fund		Proprietary Funds
Due to State of New Jersey		\$ 32,667		\$ 32,667	
Salaries	\$ 91,026	4,320		95,346	
Vendors	698,434	88,596	\$ 480	787,510	\$ 63,940
	\$ 789,460	\$ 125,583	\$ 480	\$ 915,523	\$ 63,940

MILLBURN TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

NOTE 17. TRANSFERS TO CAPITAL OUTLAY

During the year ended June 30, 2015, the District transferred \$97,871 to the capital outlay accounts for equipment which did not require approval from the County Superintendent. The District transferred \$1,611,570 from the Capital Reserve to the Capital Projects Fund through board resolutions.

NOTE 18. EMERGENCY RESERVE ACCOUNT

An emergency reserve account was established by Board resolution on June 16, 2008 by inclusion of \$300,000 for the accumulation of funds for use as unanticipated general fund expenditures in subsequent fiscal years. The emergency reserve account is maintained in the General Fund and its activity is included in the General Fund annual budget.

The emergency reserve is restricted to be used to accumulate funds in accordance with N.J.S.A. 18A:7F-41c(1) to finance unanticipated General Fund expenditures required for a through and efficient education. The maximum balance permitted at any time in this reserve is the greater of \$250,000 or 1% of the General Fund budget not to exceed one million dollars. Deposits may be made to the emergency reserve account by board resolution between June 1<sup>st</sup> and June 30<sup>th</sup> of any unanticipated revenue or unexpended line item appropriation or both.

Withdrawals from the reserve require the approval of the Commissioner unless the withdrawal is necessary to meet an increase in total health care costs in excess of four percent.

The activity of the emergency reserve for the July 1, 2014 to June 30, 2015 fiscal year is as follows:

Beginning Balance, July 1, 2014	<u>\$ 700,000</u>
Ending Balance, June 30, 2015	<u><u>\$ 700,000</u></u>

NOTE 19. SHORT TERM GRANT ANTICIPATION NOTE PAYABLE

On December 11, 2014, the District issued a grant anticipation note in the amount of \$1,073,000 with a 0.73999% interest rate for cash flow purposes to pay for School Development Authority (“SDA”) approved projects before grant funds are received from the SDA. The note will mature on December 11, 2015.

NOTE 20. SUBSEQUENT EVENT

On August 7, 2015, the District entered into a \$4,483,000 lease purchase agreement, with a fifteen year term, to fund the implementation of the District’s Energy Savings Improvement Program (ESIP), entailing various permitted energy conservation measures under the ESIP Law, throughout the District.

*N.J.S.A. 18A:18A-4.6(c)*, Implementation of an energy savings improvement program by a board of education/board of trustees, provides the authority for public school districts/charter schools to finance an energy savings improvement program through a lease-purchase agreement or through the issuance of energy savings obligations. The ESIP law provides that energy savings obligation shall be funded through appropriations in the General Fund annual budget, on the basis that the costs of implemented energy conservation measures should be fully offset by energy savings to be generated by such measures (on both an annual and aggregate basis).

MILLBURN TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

NOTE 21. PRIOR PERIOD ADJUSTMENTS

The District made a prior year adjustment in the District Wide Financial Statements to record the net pension liability as of June 30, 2014 as a result of implementing Governmental Accounting Standards Board ("GASB") Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment to GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*.

	Balance 6/30/14 as Previously Reported	Retroactive Adjustments	Balance 6/30/14 as Restated
<u>Statement of Net Assets:</u>			
<u>Governmental Activities:</u>			
Statement of Net Position:			
Liabilities:			
Non-Current Liabilities	\$ 40,721,960	\$ 19,845,842	\$ 60,567,802
Total Liabilities	43,372,398	19,845,842	63,218,240
Net Position:			
Unrestricted/(Deficit)	(389,163)	(19,845,842)	(20,235,005)
Total Net Position	20,155,593	(19,845,842)	309,751

**SCHEDULES OF REQUIRED  
SUPPLEMENTARY INFORMATION**

L-1

MILLBURN BOARD OF EDUCATION  
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES  
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
PUBLIC EMPLOYEES RETIREMENT SYSTEM  
LAST TWO FISCAL YEARS  
UNAUDITED

	<u>Fiscal Year Ending June 30,</u>	
	<u>2014</u>	<u>2015</u>
District's Proportion of the Net Pension Liability	0.1035108350%	0.1076168755%
District's Proportionate Share of the Net Pension Liability	\$ 19,782,977	\$ 20,148,822
District's Covered Employee Payroll	\$ 7,249,288	\$ 7,677,902
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll	272.90%	262.43%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	48.72%	52.08%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

MILLBURN BOARD OF EDUCATION  
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES  
SCHEDULE OF DISTRICT CONTRIBUTIONS  
PUBLIC EMPLOYEES RETIREMENT SYSTEM  
LAST TWO FISCAL YEARS  
UNAUDITED

	<u>Fiscal Year Ending June 30,</u>	
	<u>2014</u>	<u>2015</u>
Contractually Required Contribution	\$ 779,933	\$ 887,178
Contributions in relation to the Contractually Required Contribution	<u>(779,933)</u>	<u>(887,178)</u>
Contribution Deficiency (Excess)	<u>\$ -0-</u>	<u>\$ -0-</u>
District's Covered Employee Payroll	\$ 7,249,288	\$ 7,677,902
Contributions as a Percentage of Covered Employee Payroll	10.76%	11.55%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

MILLBURN BOARD OF EDUCATION  
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES  
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
TEACHERS' PENSION AND ANNUITY FUND  
LAST TWO FISCAL YEARS  
UNAUDITED

	Fiscal Year Ending June 30,	
	2014	2015
State's Proportion of the Net Pension Liability Attributable to the District	0.4179123147%	0.3926406613%
State's Proportionate Share of the Net Pension Liability Attributable to the District	\$ 211,209,597	\$ 209,853,654
District's Covered Employee Payroll	\$ 41,199,177	\$ 42,109,191
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll	512.65%	498.36%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	33.76%	33.64%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

MILLBURN BOARD OF EDUCATION  
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES  
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
BOARD OF EDUCATION EMPLOYEES' PENSION FUND OF ESSEX COUNTY  
LAST TWO FISCAL YEARS  
UNAUDITED

	<u>Fiscal Year Ending June 30,</u>	
	<u>2014</u>	<u>2015</u>
District's Proportion of the Net Pension Liability	0.1577033%	0.1758652%
District's Proportionate Share of the Net Pension Liability	\$ 62,865	\$ 67,741
District's Covered Employee Payroll	\$ -0-	\$ -0-
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll	0.00%	0.00%
Plan Fiduciary Net Position (*) as a Percentage of the Total Pension Liability	75.92%	76.05%

\* - Fiduciary Net Position Excludes an Amount Designated for Insurance Benefits of \$18,914,961 for fiscal year ending June 30, 2014 and \$19,628,046 for the fiscal year ending June 30, 2015.

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

MILLBURN BOARD OF EDUCATION  
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES  
SCHEDULE OF DISTRICT CONTRIBUTIONS  
BOARD OF EDUCATION EMPLOYEES' PENSION FUND OF ESSEX COUNTY  
LAST TWO FISCAL YEARS  
UNAUDITED

	<u>Fiscal Year Ending June 30,</u>	
	<u>2014</u>	<u>2015</u>
Contractually Required Contribution	\$ 7,430	\$ 10,293
Contributions in Relation to the Contractually Required Contribution	<u>(7,430)</u>	<u>(10,293)</u>
Contribution Deficiency (Excess)	<u>\$ -0-</u>	<u>\$ -0-</u>
District's Covered Employee Payroll	\$ -0-	\$ -0-
Contributions as a Percentage of Covered Employee Payroll	0.00%	0.00%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

MILLBURN TOWNSHIP SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 5.55% as of June 30, 2013 to 5.39% as of June 30, 2014 in accordance with Paragraph 44 of GASB Statement No. 67.

B. TEACHERS PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 4.95% as of June 30, 2013 to 4.68% as of June 30, 2014 in accordance with Paragraph 44 of GASB Statement No. 67.

C. BOARD OF EDUCATION EMPLOYEES' PENSION FUND OF ESSEX COUNTY

Benefit Changes

There were none.

Changes of Assumptions

The inflation rate changed from 2.60% as of June 30, 2014 to 2.30% as of June 30, 2015.

BUDGETARY COMPARISON SCHEDULES

MILLBURN TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
<b>Local Sources:</b>					
Local Tax Levy	\$ 74,808,608		\$ 74,808,608	\$ 74,808,608	
Tuition From Other LEAs				103,634	\$ 103,634
Tuition From Individuals				111,497	111,497
Transportation Fees From Individuals	550,000		550,000	680,764	130,764
Interest Earned on Capital Reserve Funds	500		500	86	(414)
Unrestricted Miscellaneous Revenue	397,999		397,999	265,144	(132,855)
<b>Total - Local Sources</b>	<u>75,757,107</u>		<u>75,757,107</u>	<u>75,969,733</u>	<u>212,626</u>
<b>State Sources:</b>					
Transportation Aid	132,617		132,617	132,617	
Special Education Aid	1,673,693		1,673,693	1,673,693	
Other State Aid	98,800		98,800	98,800	
Security Aid	76,672		76,672	76,672	
Extraordinary Special Education Costs Aid	500,000		500,000	515,504	15,504
Extraordinary Special Education Costs Aid - Excess Prior Year				4,799	4,799
Excess Nonpublic School Transportation Costs				51,198	51,198
TPAF Pension Contributions (On-Behalf - Non-Budgeted)				2,199,576	2,199,576
TPAF Post Retirement Medical Benefits Contributions (On-Behalf - Non-Budgeted)				3,491,830	3,491,830
TPAF Social Security (Reimbursed - Non-Budgeted)				3,015,426	3,015,426
<b>Total State Sources</b>	<u>2,481,782</u>		<u>2,481,782</u>	<u>11,260,115</u>	<u>8,778,333</u>
<b>Total Revenues</b>	<u>78,238,889</u>		<u>78,238,889</u>	<u>87,229,848</u>	<u>8,990,959</u>

MILLBURN TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)

EXPENDITURES:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CURRENT EXPENSE:					
Regular Programs - Instruction:					
Preschool - Salaries of Teachers	\$ 248,771	\$ (62,835)	\$ 185,936	\$ 181,671	\$ 4,265
Kindergarten - Salaries of Teachers	1,602,323	38,728	1,641,051	1,629,695	11,356
Grades 1-5 - Salaries of Teachers	9,910,222	83,441	9,993,663	9,960,916	32,747
Grades 6-8 - Salaries of Teachers	6,579,175	(24,300)	6,554,875	6,513,220	41,655
Grades 9-12 - Salaries of Teachers	9,610,134	(70,630)	9,539,504	9,509,832	29,672
Regular Programs - Home Instruction:					
Salaries of Teachers	35,000	(15,196)	19,804	12,968	6,836
Purchased Professional-Educational Services	15,800	(10,300)	5,500	4,070	1,430
General Supplies	500	(500)			
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	204,913	(64,758)	140,155	134,537	5,618
Purchased Professional-Educational Services	161,750	(52,206)	109,544	86,209	23,335
Purchased Technical Services	610,335	(159,862)	450,473	418,887	31,586
Other Purchased Services	509,770	(4,689)	505,081	498,366	6,715
General Supplies	968,897	135,181	1,104,078	963,267	140,811
Textbooks	441,265	(36,644)	404,621	365,458	39,163
Total Regular Programs - Instruction	<u>30,898,855</u>	<u>(244,570)</u>	<u>30,654,285</u>	<u>30,279,096</u>	<u>375,189</u>
Special Education - Instruction:					
Cognitive - Moderate:					
Purchased Professional-Educational Services	5,100	(5,100)			
Total Cognitive - Moderate	<u>5,100</u>	<u>(5,100)</u>			

MILLBURN TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)

EXPENDITURES:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>CURRENT EXPENSE:</b>					
Special Education - Instruction:					
Learning and/or Language Disabilities:					
Salaries of Teachers	\$ 290,024	\$ 16,330	\$ 306,354	\$ 301,209	\$ 5,145
Other Salaries for Instruction	59,186	(388)	58,798	58,797	1
General Supplies	9,000	(5,598)	3,402	3,402	
Textbooks	2,000	(1,379)	621	621	
Total Learning and/or Language Disabilities	<u>360,210</u>	<u>8,965</u>	<u>369,175</u>	<u>364,029</u>	<u>5,146</u>
Visual Impairments:					
Purchased Professional-Educational Services	1,000	(1,000)			
Total Visual Impairments	<u>1,000</u>	<u>(1,000)</u>			
Auditory Impairments:					
Salaries of Teachers	76,219	3,331	79,550	79,050	500
General Supplies	750	(311)	439	439	
Total Auditory Impairments	<u>76,969</u>	<u>3,020</u>	<u>79,989</u>	<u>79,489</u>	<u>500</u>
Multiple Disabilities:					
Salaries of Teachers	176,932	14,378	191,310	189,074	2,236
Other Salaries for Instruction	88,029	(2,541)	85,488	82,567	2,921
General Supplies	1,000	(831)	169	169	
Textbooks	800	(800)			
Total Multiple Disabilities	<u>266,761</u>	<u>10,206</u>	<u>276,967</u>	<u>271,810</u>	<u>5,157</u>
Resource Room/Resource Center:					
Salaries of Teachers	4,129,844	52,136	4,181,980	4,176,864	5,116
General Supplies	19,800	(3,053)	16,747	16,747	
Textbooks	28,250	(2,362)	25,888	25,888	
Total Resource Room/Resource Center	<u>4,177,894</u>	<u>46,721</u>	<u>4,224,615</u>	<u>4,219,499</u>	<u>5,116</u>

MILLBURN TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)

EXPENDITURES:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CURRENT EXPENSE:					
Special Education - Instruction:					
Autism:					
Salaries of Teachers	\$ 130,569	\$ (62,101)	\$ 68,468	\$ 67,593	\$ 875
Other Salaries for Instruction	62,715	(15,977)	46,738	42,500	4,238
General Supplies	3,000		3,000	2,235	765
Total Autism	<u>196,284</u>	<u>(78,078)</u>	<u>118,206</u>	<u>112,328</u>	<u>5,878</u>
Preschool Disabilities - Part-Time:					
Salaries of Teachers	42,230	(5,487)	36,743	36,743	
Other Salaries for Instruction	25,000	12,556	37,556	37,556	
General Supplies	4,500	(2,301)	2,199	2,199	
Total Preschool Disabilities - Part-Time	<u>71,730</u>	<u>4,768</u>	<u>76,498</u>	<u>76,498</u>	
Preschool Disabilities - Full-Time:					
Salaries of Teachers		54,107	54,107	54,034	73
Other Salaries for Instruction		27,722	27,722	27,721	1
Total Preschool Disabilities - Part-Time		<u>81,829</u>	<u>81,829</u>	<u>81,755</u>	<u>74</u>
Home Instruction:					
Salaries of Teachers	35,000	(7,304)	27,696	27,690	6
Purchased Professional-Educational Services	30,000	22,500	52,500	51,089	1,411
General Supplies	300	(300)			
Total Home Instruction	<u>65,300</u>	<u>14,896</u>	<u>80,196</u>	<u>78,779</u>	<u>1,417</u>
Total Special Education - Instruction	<u>5,221,248</u>	<u>86,227</u>	<u>5,307,475</u>	<u>5,284,187</u>	<u>23,288</u>

MILLBURN TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)

EXPENDITURES:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CURRENT EXPENSE:					
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	\$ 1,005,808	\$ (7,513)	\$ 998,295	\$ 994,172	\$ 4,123
General Supplies	13,000		13,000	5,085	7,915
Total Basic Skills/Remedial - Instruction	<u>1,018,808</u>	<u>(7,513)</u>	<u>1,011,295</u>	<u>999,257</u>	<u>12,038</u>
Bilingual Education - Instruction:					
Salaries of Teachers	327,712	7,524	335,236	334,876	360
Purchased Technical Services	1,000		1,000		1,000
General Supplies	2,000	(50)	1,950	1,002	948
Textbooks	1,000	755	1,755	1,697	58
Other Objects	800	(705)	95	95	
Total Bilingual Education - Instruction	<u>332,512</u>	<u>7,524</u>	<u>340,036</u>	<u>337,670</u>	<u>2,366</u>
School Sponsored Cocurricular Activities:					
Salaries	340,047	42	340,089	334,274	5,815
Other Objects	90,200	2,500	92,700	88,136	4,564
Total School-Sponsored Cocurricular Activities	<u>430,247</u>	<u>2,542</u>	<u>432,789</u>	<u>422,410</u>	<u>10,379</u>
School-Sponsored Athletics:					
Salaries	748,957	12,145	761,102	760,875	227
Purchased Services	125,900	(12,060)	113,840	97,887	15,953
Supplies and Materials	84,852	18,614	103,466	81,596	21,870
Other Objects	17,710	(5,707)	12,003	11,407	596
Total School-Sponsored Athletics	<u>977,419</u>	<u>12,992</u>	<u>990,411</u>	<u>951,765</u>	<u>38,646</u>

MILLBURN TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)

EXPENDITURES:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>CURRENT EXPENSE:</b>					
Community Services Programs:					
Salaries	\$ 50,000	\$ (5,000)	\$ 45,000	\$ 17,332	\$ 27,668
Total Community Services Programs	<u>50,000</u>	<u>(5,000)</u>	<u>45,000</u>	<u>17,332</u>	<u>27,668</u>
 Total Instruction	 <u>38,929,089</u>	 <u>(147,798)</u>	 <u>38,781,291</u>	 <u>38,291,717</u>	 <u>489,574</u>
 Undistributed Expenditures - Instruction:					
Tuition to Other LEA's Within the State - Special	328,845	(122,852)	205,993	205,295	698
Tuition to County Vocational School - Special	7,000	(1,000)	6,000	6,000	
Tuition to Private Schools for the Handicapped Within State	1,729,437	(335,567)	1,393,870	1,393,870	
Tuition to Private Schools for the Handicapped Outside State	149,245	281,724	430,969	430,529	440
Total Undistributed Expenditures - Instruction	<u>2,214,527</u>	<u>(177,695)</u>	<u>2,036,832</u>	<u>2,035,694</u>	<u>1,138</u>
 Undistributed Expenditures:					
Health Services:					
Salaries	635,897	10,714	646,611	646,610	1
Purchased Professional and Technical Services	32,202	933	33,135	33,117	18
Other Purchased Services	100	(100)			
Supplies and Materials	14,411	32,868	47,279	46,184	1,095
Other Objects	2,150	(732)	1,418	1,418	
Total Health Services	<u>684,760</u>	<u>43,683</u>	<u>728,443</u>	<u>727,329</u>	<u>1,114</u>
 Speech, OT, PT & Related Services:					
Salaries	1,346,804	(56,126)	1,290,678	1,290,446	232
Purchased Professional - Educational Services	217,000	28,203	245,203	237,205	7,998
Supplies and Materials	6,700	1,560	8,260	8,260	
Total Speech, OT, PT & Related Services	<u>1,570,504</u>	<u>(26,363)</u>	<u>1,544,141</u>	<u>1,535,911</u>	<u>8,230</u>

MILLBURN TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)

EXPENDITURES:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CURRENT EXPENSE:					
Undistributed Expenditures: (Cont'd)					
Other Support Services - Extraordinary Services:					
Salaries	\$ 1,558,924	\$ 259,039	\$ 1,817,963	\$ 1,814,405	\$ 3,558
Supplies and Materials	1,200	(514)	686	511	175
Total Other Support Services - Extraordinary Services	<u>1,560,124</u>	<u>258,525</u>	<u>1,818,649</u>	<u>1,814,916</u>	<u>3,733</u>
Guidance:					
Salaries of Other Professional Staff	1,108,458	(172)	1,108,286	1,107,099	1,187
Salaries of Secretarial and Clerical Assistants	193,104	(13,557)	179,547	178,585	962
Other Salaries	103,836	(1,036)	102,800	102,800	
Purchased Professional-Educational Services	32,000		32,000	22,663	9,337
Other Purchased Services	3,500		3,500	1,053	2,447
Total Guidance	<u>1,440,898</u>	<u>(14,765)</u>	<u>1,426,133</u>	<u>1,412,200</u>	<u>13,933</u>
Child Study Team:					
Salaries of Other Professional Staff	2,446,431	(75,486)	2,370,945	2,370,648	297
Salaries of Secretarial and Clerical Assistants	262,026	660	262,686	261,685	1,001
Other Purchased Professional and Technical Services	98,000	18,413	116,413	111,625	4,788
Miscellaneous Purchased Services	2,000		2,000	1,942	58
Supplies and Materials	37,000	23,721	60,721	60,581	140
Other Objects	5,500	(1,851)	3,649	3,649	
Total Child Study Team	<u>2,850,957</u>	<u>(34,543)</u>	<u>2,816,414</u>	<u>2,810,130</u>	<u>6,284</u>
Improvement of Instructional Services:					
Salaries of Supervisors of Instruction	744,919	(98,222)	646,697	646,285	412
Salaries of Other Professional Staff	427,590	119,606	547,196	530,656	16,540
Salaries of Secretarial and Clerical Assistants	66,210	(14)	66,196	66,195	1

MILLBURN TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)

EXPENDITURES:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CURRENT EXPENSE:					
Undistributed Expenditures: (Cont'd)					
Improvement of Instructional Services: (Cont'd)					
Other Purchased Services	\$ 2,700	\$ (1,000)	\$ 1,700		\$ 1,700
Supplies and Materials	33,600	(70)	33,530	\$ 32,526	1,004
Other Objects	9,000	1,720	10,720	10,447	273
Total Improvement of Instructional Services	<u>1,284,019</u>	<u>22,020</u>	<u>1,306,039</u>	<u>1,286,109</u>	<u>19,930</u>
Educational Media Services/School Library:					
Salaries	651,992	(1,094)	650,898	647,157	3,741
Supplies and Materials	157,179	(20,913)	136,266	132,145	4,121
Total Educational Media Services/School Library	<u>809,171</u>	<u>(22,007)</u>	<u>787,164</u>	<u>779,302</u>	<u>7,862</u>
Instructional Staff Training Services:					
Salaries of Other Professional Staff	61,500	(42,434)	19,066	16,067	2,999
Other Salaries	65,195	(18,711)	46,484	43,637	2,847
Purchased Professional - Educational Services	18,500	32,421	50,921	50,424	497
Other Purchased Services	3,500	(178)	3,322	1,235	2,087
Supplies and Materials	4,900	4,305	9,205	8,992	213
Other Objects	42,150	(4,822)	37,328	23,113	14,215
Total Instructional Staff Training Services	<u>195,745</u>	<u>(29,419)</u>	<u>166,326</u>	<u>143,468</u>	<u>22,858</u>
General Administration:					
Salaries	398,382	(42,563)	355,819	355,819	
Legal Services	300,000	80,802	380,802	380,802	
Audit Fees	50,000		50,000	50,000	
Architectural/Engineering Services	45,500	6,442	51,942	45,329	6,613
Other Purchased Professional Services	59,500	(26,688)	32,812	32,812	

MILLBURN TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)

EXPENDITURES:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CURRENT EXPENSE:					
Undistributed Expenditures: (Cont'd)					
General Administration: (Cont'd)					
Communications/Telephone	\$ 112,799	\$ (38,743)	\$ 74,056	\$ 74,056	
BOE Other Purchased Services	1,000	(800)	200	200	
Miscellaneous Purchased Services (400-500)	57,702	(7,643)	50,059	50,059	
General Supplies	7,700	(4,498)	3,202	3,202	
BOE In-House Training/Meeting Supplies	1,000	(752)	248	248	
Judgments Against the School District		517,922	517,922	517,922	
Miscellaneous Expenditures	159,100	(17,474)	141,626	41,626	\$ 100,000
BOE Membership Dues and Fees	30,000	(1,087)	28,913	28,913	
Total General Administration	<u>1,222,683</u>	<u>464,918</u>	<u>1,687,601</u>	<u>1,580,988</u>	<u>106,613</u>
School Administration:					
Salaries of Principals/Assistant Principals	1,671,323	(205)	1,671,118	1,671,118	
Salaries of Other Professional Staff	579,870	22,884	602,754	593,652	9,102
Salaries of Secretarial and Clerical Assistants	803,068	(34,618)	768,450	768,073	377
Other Salaries	5,000	(1,900)	3,100	1,905	1,195
Supplies and Materials	163,890	(25,535)	138,355	122,006	16,349
Other Objects	44,705	(650)	44,055	25,260	18,795
Total School Administration	<u>3,267,856</u>	<u>(40,024)</u>	<u>3,227,832</u>	<u>3,182,014</u>	<u>45,818</u>
Central Services:					
Salaries	806,715	15,752	822,467	815,706	6,761
Purchased Technical Services	61,343	2,150	63,493	63,336	157
Miscellaneous Purchased Services	3,200	(770)	2,430	1,007	1,423
Supplies and Materials	22,800	(2,358)	20,442	15,400	5,042
Miscellaneous Expenditures	90,497	2,318	92,815	87,074	5,741
Total Central Services	<u>984,555</u>	<u>17,092</u>	<u>1,001,647</u>	<u>982,523</u>	<u>19,124</u>

MILLBURN TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)

EXPENDITURES:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CURRENT EXPENSE:					
Undistributed Expenditures: (Cont'd)					
Administrative Information Technology:					
Salaries	\$ 671,047	\$ 53,095	\$ 724,142	\$ 722,545	\$ 1,597
Purchased Professional Services	20,250	(34)	20,216	14,896	5,320
Purchased Technical Services	30,000	(9,221)	20,779	19,781	998
Other Purchased Services	3,500	(2,239)	1,261	1,193	68
Supplies and Materials	27,000	9,358	36,358	36,358	
Other Objects	2,500	3,210	5,710	1,178	4,532
Total Administrative Information Technology	<u>754,297</u>	<u>54,169</u>	<u>808,466</u>	<u>795,951</u>	<u>12,515</u>
Required Maintenance for School Facilities:					
Salaries	373,658	24,242	397,900	391,816	6,084
Cleaning, Repair and Maintenance Services	718,764	21,621	740,385	639,907	100,478
General Supplies	245,000	(17,997)	227,003	203,077	23,926
Other Objects	54,300	(16,001)	38,299	12,375	25,924
Total Required Maintenance for School Facilities	<u>1,391,722</u>	<u>11,865</u>	<u>1,403,587</u>	<u>1,247,175</u>	<u>156,412</u>
Custodial Services:					
Salaries	2,144,373	15,554	2,159,927	2,152,990	6,937
Salararies of Non-Instructional Aides	459,187	(28,287)	430,900	422,528	8,372
Purchased Professional and Technical Services	47,000		47,000	26,415	20,585
Cleaning, Repair and Maintenance Services	453,588	(72,826)	380,762	308,311	72,451
Other Purchased Property Services	110,000		110,000	89,352	20,648
Insurance	290,166	142,139	432,305	432,305	
Miscellaneous Purchased Services	6,100	(500)	5,600	4,250	1,350
General Supplies	149,753	18,689	168,442	149,558	18,884
Energy (Natural Gas)	386,982		386,982	280,690	106,292

MILLBURN TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)

EXPENDITURES:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CURRENT EXPENSE:					
Undistributed Expenditures: (Cont'd)					
Custodial Services: (Cont'd)					
Energy (Electricity)	\$ 885,028	\$ 1	\$ 885,029	\$ 696,161	\$ 188,868
Other Objects	200	5,353	5,553	100	5,453
Total Custodial Services	<u>4,932,377</u>	<u>80,123</u>	<u>5,012,500</u>	<u>4,562,660</u>	<u>449,840</u>
Care & Upkeep of Grounds:					
Salaries	176,536	(10,015)	166,521	163,090	3,431
Cleaning, Repair and Maintenance Services	50,861	(340)	50,521	49,306	1,215
General Supplies	20,000	5,791	25,791	21,858	3,933
Total Care & Upkeep of Grounds	<u>247,397</u>	<u>(4,564)</u>	<u>242,833</u>	<u>234,254</u>	<u>8,579</u>
Security:					
Salaries	213,877	(6,124)	207,753	204,659	3,094
Cleaning, Repair and Maintenance Services	20,000	(729)	19,271	18,586	685
General Supplies	12,000	(1,732)	10,268	5,800	4,468
Total Security	<u>245,877</u>	<u>(8,585)</u>	<u>237,292</u>	<u>229,045</u>	<u>8,247</u>
Student Transportation Services:					
Salaries for Pupil Transportation:					
Salaries of Non-Instructional Aides	131,254	164	131,418	130,511	907
Between Home and School - Regular	191,470	2,580	194,050	192,136	1,914
Between Home and School - Special Education	248,288	(14,066)	234,222	231,746	2,476
Other than Between Home and School	58,800	5,858	64,658	64,651	7
Cleaning, Repair and Maintenance Services	81,000	(12,850)	68,150	67,818	332
Lease Payments - Buses		30,000	30,000	30,000	

MILLBURN TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)

EXPENDITURES:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CURRENT EXPENSE:					
Undistributed Expenditures: (Cont'd)					
Student Transportation Services: (Cont'd)					
Contracted Services:					
Between Home and School -Vendors	\$ 1,096,953	\$ (15,895)	\$ 1,081,058	\$ 1,079,236	\$ 1,822
Other than Between Home and School -Vendors	141,400	(8,622)	132,778	100,960	31,818
Special Education Students - Vendors		11,595	11,595	11,504	91
Special Education Students - ESCs & CTSA's	580,000	(9,000)	571,000	506,912	64,088
Aid in Lieu of Payments for Nonpublic School Students	238,700	13,300	252,000	251,881	119
Miscellaneous Purchased Services - Transportation	20,397	5,465	25,862	24,059	1,803
General Supplies	45,000	(18,701)	26,299	23,757	2,542
Transportation Supplies	1,000	(780)	220		220
Other Objects	1,600		1,600	892	708
Total Student Transportation Services	<u>2,835,862</u>	<u>(10,952)</u>	<u>2,824,910</u>	<u>2,716,063</u>	<u>108,847</u>
Unallocated Benefits:					
Social Security Contributions	1,055,325		1,055,325	948,773	106,552
Other Retirement Contributions - PERS	1,075,826	(2,293)	1,073,533	920,991	152,542
Other Retirement Contributions - Deferred PERS Pymt	37,000		37,000	36,138	862
Other Retirement Contributions - Regular	43,000	2,293	45,293	27,226	18,067
Workmen's Compensation	417,876	(115,962)	301,914	293,397	8,517
Health Benefits	9,960,714	(854,436)	9,106,278	8,921,846	184,432
Tuition Reimbursement	144,030		144,030	101,437	42,593
Other Employee Benefits	155,000	436,847	591,847	507,849	83,998
Total Unallocated Benefits	<u>12,888,771</u>	<u>(533,551)</u>	<u>12,355,220</u>	<u>11,757,657</u>	<u>597,563</u>

MILLBURN TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)

EXPENDITURES:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CURRENT EXPENSE:					
Undistributed Expenditures: (Cont'd)					
On-Behalf Contributions (Non-budgeted):					
TPAF Pension Contributions				\$ 2,199,576	\$ (2,199,576)
TPAF Post Retirement Medical Benefits Contributions				3,491,830	(3,491,830)
Reimbursed TPAF Social Security Contributions				3,015,426	(3,015,426)
Total On-Behalf Contributions (Non-Budgeted)				8,706,832	(8,706,832)
 Total Employee Benefits	\$ 12,888,771	\$ (533,551)	\$ 12,355,220	20,464,489	(8,109,269)
 Total Undistributed Expenditures	41,382,102	49,927	41,432,029	48,540,221	(7,108,192)
 TOTAL GENERAL CURRENT EXPENSE	80,311,191	(97,871)	80,213,320	86,831,938	(6,618,618)
CAPITAL OUTLAY:					
Equipment:					
Regular Programs - Instruction:					
Grades 9-12	57,475	(2,748)	54,727	18,691	36,036
Other Support Services – Student Related & Extraordinary		3,600	3,600	3,600	
School Administration		2,263	2,263	2,262	1
School Sponsored and Other Instructional Program	33,203		33,203	32,405	798
Undistributed - Instruction	163,751	91,877	255,628	185,434	70,194
Upkeep of Grounds		2,879	2,879	2,879	
Total Equipment	254,429	97,871	352,300	245,271	107,029

MILLBURN TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>EXPENDITURES:</b>					
<b>CAPITAL OUTLAY (Cont'd):</b>					
Facilities Acquisition and Construction Services:					
Architectural/Engineering Services	\$ 5,623		\$ 5,623		\$ 5,623
Construction Services	333,101		333,101	\$ 220,851	112,250
Assessment for Debt Service on SDA Funding	76,212		76,212	76,212	
Total Facilities Acquisition and Construction Services	<u>414,936</u>		<u>414,936</u>	<u>297,063</u>	<u>117,873</u>
Assets Acquired Under Capital Leases (Non-Budgeted):					
Regular Programs - Equipment				719,669	(719,669)
Transportation - School Bus				85,234	(85,234)
Total Assets Acquired Under Capital Leases (Non-Budgeted)				<u>804,903</u>	<u>(804,903)</u>
<b>TOTAL CAPITAL OUTLAY</b>	<u>669,365</u>	<u>\$ 97,871</u>	<u>767,236</u>	<u>1,347,237</u>	<u>(580,001)</u>
<b>TOTAL EXPENDITURES</b>	<u>80,980,556</u>		<u>80,980,556</u>	<u>88,179,175</u>	<u>(7,198,619)</u>
Excess/(Deficit) of Revenues Over/(Under) Expenditures	<u>(2,741,667)</u>		<u>(2,741,667)</u>	<u>(949,327)</u>	<u>1,792,340</u>
Other Financing Sources/(Uses):					
Capital Reserve - Transfer to Capital Projects Fund	(1,674,745)		(1,674,745)	(1,611,570)	63,175
Transfer from Capital Projects Fund - Interest				88	(88)
Capital Leases (Non-budgeted)				804,903	(804,903)
Total Other Financing Sources/(Uses)	<u>(1,674,745)</u>		<u>(1,674,745)</u>	<u>(806,579)</u>	<u>(741,816)</u>
Excess/(Deficit) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	<u>(4,416,412)</u>		<u>(4,416,412)</u>	<u>(1,755,906)</u>	<u>2,660,506</u>

MILLBURN TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Fund Balance, July 1	\$ 8,879,469		\$ 8,879,469	\$ 8,879,469	
Fund Balance, June 30	<u>\$ 4,463,057</u>	<u>\$ -0-</u>	<u>\$ 4,463,057</u>	<u>\$ 7,123,563</u>	<u>\$ 2,660,506</u>
Recapitulation:					
Restricted Fund Balance:					
Capital Reserve				\$ 671,135	
Emergency Reserve				700,000	
Excess Surplus - Restricted For 2016-2017				1,842,000	
Excess Surplus - Restricted For Subsequent Year's Expenditures				1,842,000	
Assigned Fund Balance:					
Year End Encumbrances				391,347	
Unassigned Fund Balance				<u>1,677,081</u>	
				7,123,563	
Reconciliation to Governmental Funds Statement (GAAP):					
Last State Aid Payments not Recognized on GAAP basis				<u>(186,952)</u>	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 6,936,611</u>	

MILLBURN TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
SPECIAL REVENUE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
 (UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>REVENUES:</b>					
Local Sources		\$ 305,283	\$ 305,283	\$ 275,963	\$ (29,320)
State Sources	\$ 223,515	31,637	255,152	233,681	(21,471)
Federal Sources	1,214,428	124,469	1,338,897	1,278,717	(60,180)
<b>Total Revenues</b>	<u>1,437,943</u>	<u>461,389</u>	<u>1,899,332</u>	<u>1,788,361</u>	<u>(110,971)</u>
<b>EXPENDITURES:</b>					
<b>Instruction:</b>					
Salaries of Teachers		182,883	182,883	177,290	5,593
Purchased Professional and Technical Services		1,200	1,200	1,200	
Purchased Professional - Educational Services	45,981	(1,324)	44,657	35,851	8,806
Other Purchased Services		28,286	28,286	6,923	21,363
Tuition		848,811	848,811	848,811	
General Supplies		41,255	41,255	38,690	2,565
Textbooks	29,375	2,678	32,053	27,700	4,353
Other Objects		305,473	305,473	276,153	29,320
<b>Total Instruction</b>	<u>75,356</u>	<u>1,409,262</u>	<u>1,484,618</u>	<u>1,412,618</u>	<u>72,000</u>
<b>Support Services:</b>					
Salaries of Other Professional Staff		55,332	55,332	54,085	1,247
Personal Services - Employee Benefits		44,393	44,393	38,798	5,595
Purchased Professional and Technical Services		139,825	139,825	115,563	24,262
Purchased Professional-Educational Services	137,479	23,747	161,226	153,382	7,844
Other Purchased Services	55,263	(45,187)	10,076	10,076	
Supplies and Materials		3,862	3,862	3,839	23
Other Objects	1,169,845	(1,169,845)			
<b>Total Support Services</b>	<u>1,362,587</u>	<u>(947,873)</u>	<u>414,714</u>	<u>375,743</u>	<u>38,971</u>
<b>Total Expenditures</b>	<u>\$ 1,437,943</u>	<u>\$ 461,389</u>	<u>\$ 1,899,332</u>	<u>\$ 1,788,361</u>	<u>\$ 110,971</u>

MILLBURN TOWNSHIP SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
NOTE TO RSI  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)

Note A - Explanation of Differences between Budgetary Inflows and Outflows and  
GAAP Revenues and Expenditures

	General Fund	Special Revenue Fund
Sources/Inflows of Resources		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 87,229,848	\$ 1,788,361
Difference - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue, Whereas the GAAP Basis does not:		
Prior Year Encumbrances		34,536
Prior Year State Aid Payments Recognized for GAAP Purposes, not Recognized for Budgetary Statements	178,048	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(186,952)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	\$ 87,220,944	\$ 1,822,897
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 88,179,175	\$ 1,788,361
Differences - Budget to GAAP		
Encumbrances for Supplies and Equipment Ordered but Not Received are Reported in the Year the Order is Placed for Budgetary Purposes, but in the Year the Supplies are Received for Financial Reporting Purposes:		
Prior Year Encumbrances		34,536
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 88,179,175	\$ 1,822,897

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budget for the fiscal year ended June 30, 2015 was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

MILLBURN TOWNSHIP SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
NOTE TO RSI  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds, there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles, with the exception of the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

The accounting records of the special revenue fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenue, whereas the GAAP basis does not.

The general fund budgetary revenue differs from the GAAP revenue due to a difference in the recognition of the last two state aid payments for the current year. Since the State is recording the last two state aid payments in the subsequent fiscal year, the District cannot recognize these payments in the GAAP financial statements.

SCHOOL LEVEL SCHEDULES  
(NOT APPLICABLE)

SPECIAL REVENUE FUND

MILLBURN TOWNSHIP SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF PROGRAM REVENUE AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Private Donations	No Child Left Behind		
		Title I 2014-15	Title IIA 2014-15	Title III 2014-15
<b>REVENUES:</b>				
Local Sources	\$ 275,963			
State Sources				
Federal Sources		\$ 252,586	\$ 45,805	\$ 17,897
<b>Total Revenues</b>	<u>275,963</u>	<u>252,586</u>	<u>45,805</u>	<u>17,897</u>
<b>EXPENDITURES:</b>				
Instruction:				
Salaries of Teachers		171,407		5,883
Purchased Professional and Technical Services				1,200
Purchased Professional - Educational Services				
Other Purchased Services		4,523		
Tuition				
General Supplies		16,111		5,831
Textbooks				
Other Objects	275,963			190
<b>Total Instruction</b>	<u>275,963</u>	<u>192,041</u>		<u>13,104</u>
Support Services:				
Salaries of Other Professional Staff		13,150	35,735	1,200
Personal Services - Employee Benefits		30,231	7,719	542
Purchased Professional and Technical Services		6,300	2,351	
Purchased Professional - Educational Services				
Other Purchased Services		8,665		1,411
Supplies and Materials		2,199		1,640
<b>Total Support Services</b>		<u>60,545</u>	<u>45,805</u>	<u>4,793</u>
<b>Total Expenditures</b>	<u>\$ 275,963</u>	<u>\$ 252,586</u>	<u>\$ 45,805</u>	<u>\$ 17,897</u>

MILLBURN TOWNSHIP SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF PROGRAM REVENUE AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Nonpublic Auxiliary Services</u>		<u>Nonpublic Handicapped Services</u>		
	<u>English As a Second Language</u>	<u>Compensatory Education</u>	<u>Supplementary Instruction</u>	<u>Examination and Classification</u>	<u>Corrective Speech</u>
REVENUES:					
Local Sources					
State Sources	\$ 2,010	\$ 11,556	\$ 22,285	\$ 63,737	\$ 38,521
Federal Sources					
Total Revenues	<u>2,010</u>	<u>11,556</u>	<u>22,285</u>	<u>63,737</u>	<u>38,521</u>
EXPENDITURES:					
Instruction:					
Salaries of Teachers					
Purchased Professional and Technical Services					
Purchased Professional - Educational Services	2,010	11,556	22,285		
Other Purchased Services					
Tuition					
General Supplies					
Textbooks					
Other Objects					
Total Instruction	<u>2,010</u>	<u>11,556</u>	<u>22,285</u>		
Support Services:					
Salaries of Other Professional Staff					
Personal Services - Employee Benefits					
Purchased Professional and Technical Services					
Purchased Professional - Educational Services				63,737	38,521
Other Purchased Services					
Supplies and Materials					
Total Support Services				<u>63,737</u>	<u>38,521</u>
Total Expenditures	<u>\$ 2,010</u>	<u>\$ 11,556</u>	<u>\$ 22,285</u>	<u>\$ 63,737</u>	<u>\$ 38,521</u>

TOWNSHIP OF MILLBURN SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF PROGRAM REVENUE AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	I.D.E.A.		Nonpublic			Totals
	Basic 2014-15	Preschool 2014-15	Nursing	Textbooks	Technology Initiative	
REVENUES:						
Local Sources						\$ 275,963
State Sources			\$ 51,124	\$ 27,700	\$ 16,748	233,681
Federal Sources	\$ 929,659	\$ 32,770				1,278,717
Total Revenues	<u>929,659</u>	<u>32,770</u>	<u>51,124</u>	<u>27,700</u>	<u>16,748</u>	<u>1,788,361</u>
EXPENDITURES:						
Instruction:						
Salaries of Teachers						177,290
Purchased Professional and Technical Services						1,200
Purchased Professional - Educational Services						35,851
Other Purchased Services		2,400				6,923
Tuition	848,811					848,811
General Supplies					16,748	38,690
Textbooks				27,700		27,700
Other Objects						276,153
Total Instruction	<u>848,811</u>	<u>2,400</u>		<u>27,700</u>	<u>16,748</u>	<u>1,412,618</u>
Support Services:						
Salaries of Other Professional Staff	4,000					54,085
Personal Services - Employee Benefits	306					38,798
Purchased Professional and Technical Services	76,542	30,370				115,563
Purchased Professional - Educational Services			51,124			153,382
Other Purchased Services						10,076
Supplies and Materials						3,839
Total Support Services	<u>80,848</u>	<u>30,370</u>	<u>51,124</u>			<u>375,743</u>
Total Expenditures	<u>\$ 929,659</u>	<u>\$ 32,770</u>	<u>\$ 51,124</u>	<u>\$ 27,700</u>	<u>\$ 16,748</u>	<u>\$ 1,788,361</u>

CAPITAL PROJECTS FUND

Exhibit F-1

MILLBURN TOWNSHIP SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SUMMARY SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Revenue and Other Financing Sources:	
Interest on Investments	\$ 121
State Sources - SDA Grant	1,074,380
Transfer from Capital Reserve	<u>1,611,570</u>
Total Revenue and Other Financing Sources	<u>2,686,071</u>
Expenditures and Other Financing Uses:	
Purchased Professional and Technical Services	186,581
Construction Services	1,027,000
Transfer to General Fund:	
Interest on Investments	88
Transfer to Debt Service Fund:	
Interest on Investments	33
Unexpended Bond Proceeds	<u>119,036</u>
Total Expenditures and Other Financing Uses	<u>1,332,738</u>
Excess of Revenue and Other Financing Sources Over Expenditures and Other Financing Uses	1,353,333
Fund Balance - Beginning of Year	<u>238,074</u>
Fund Balance - End of Year	<u>\$ 1,591,407</u>
<u>Recapitulation:</u>	
Restricted Fund Balance	\$ 119,038
Committed Fund Balance	28,713
Committed - Year End Encumbrances	<u>1,443,656</u>
Total Restricted Fund Balance - Budgetary Basis	1,591,407
<u>Reconciliation to Governmental Funds Statements (GAAP):</u>	
SDA Grant Receivable not Recognized on the GAAP Basis	<u>(638,725)</u>
Fund Balance per Governmental Funds (GAAP)	<u>\$ 952,682</u>

Exhibit F-1A

MILLBURN TOWNSHIP SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS -  
BUDGETARY BASIS  
ADDITIONS AND RENOVATIONS TO HIGH SCHOOL  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenue:				
Bond Proceeds	\$ 11,643,875		\$ 11,643,875	\$ 11,644,875
Total Revenue	11,643,875		11,643,875	11,644,875
Expenditures and Other Financing Uses:				
Legal Services				91,358
Purchased Professional and Technical Services	607,249		607,249	347,659
Construction Services	8,776,983		8,776,983	8,923,858
Equipment	352,776		352,776	507,000
Transfer to Debt Service Fund	1,775,000	\$ 59,518	1,834,518	1,775,000
Total Expenditures and Other Financing Uses	11,512,008	59,518	11,571,526	11,644,875
Excess/(Deficit) of Revenue Over/(Under) Expenditures and Other Financing Uses	\$ 131,867	\$ (59,518)	\$ 72,349	\$ -0-

Additional Project Information:

Project Number	N/A
Grant Date	N/A
Bond Authorization Date	09/26/06
Bonds Authorized	\$ 11,644,875
Bonds Issued	\$ 11,643,875
Original Authorized Cost	\$ 11,644,875
Additional Authorized Cost	-0-
Revised Authorized Cost	\$ 11,644,875

Percentage Increase over Original Authorized Cost	0%
Percentage Completion	99%
Original Target Completion Date	04/30/09
Revised Target Completion Date	12/31/14

Exhibit F-1B

MILLBURN TOWNSHIP SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS -  
BUDGETARY BASIS  
ADDITIONS AND RENOVATIONS TO MIDDLE SCHOOL  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Prior Periods	Current Year	Totals	Project Authorization
Revenue:				
Bond Proceeds	\$ 9,656,125		\$ 9,656,125	\$ 9,657,125
Total Revenue	9,656,125		9,656,125	9,657,125
Expenditures and Other Financing Uses:				
Legal Services				74,735
Purchased Professional and Technical Services	543,982		543,982	746,502
Construction Services	8,556,125		8,556,125	8,223,388
Equipment	174,811		174,811	337,500
Transfer to Debt Service Fund	275,000	\$ 59,518	334,518	275,000
Total Expenditures and Other Financing Uses	9,549,918	59,518	9,609,436	9,657,125
Excess/(Deficit) of Revenue Over/(Under) Expenditures and Other Financing Uses	\$ 106,207	\$ (59,518)	\$ 46,689	\$ -0-

Additional Project Information:

Project Number	N/A
Grant Date	N/A
Bond Authorization Date	09/26/06
Bonds Authorized	\$ 9,657,125
Bonds Issued	\$ 9,656,125
Original Authorized Cost	\$ 9,657,125
Additional Authorized Cost	-0-
Revised Authorized Cost	\$ 9,657,125

Percentage Increase over Original Authorized Cost	0%
Percentage Completion	99.5%
Original Target Completion Date	04/30/09
Revised Target Completion Date	12/31/14

Exhibit F-1C

MILLBURN TOWNSHIP SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS -  
BUDGETARY BASIS  
HIGH SCHOOL PARTIAL ROOF REPLACEMENT  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Prior Periods	Current Year	Totals	Revised Project Authorization
Revenue and Other Financing Sources:				
State Sources - SDA Grant		\$ 499,824	\$ 499,824	\$ 499,824
Transfer from Capital Reserve		749,736	749,736	749,736
Total Revenue and Other Financing Sources		1,249,560	1,249,560	1,249,560
Expenditures and Other Financing Uses:				
Legal Services				15,000
Purchased Professional and Technical Services		78,418	78,418	199,960
Construction Services		24,000	24,000	1,034,600
Total Expenditures		102,418	102,418	1,249,560
Excess of Revenue and Other Financing Sources Over Expenditures	\$ -0-	\$ 1,147,142	\$ 1,147,142	\$ -0-

Additional Project Information:

Project Number	3190-050-14-1001
Grant Date	06/06/14
Bond Authorization Date	N/A
Bonds Authorized	\$ -0-
Bonds Issued	\$ -0-
Original Authorized Cost	\$ 1,249,560
Additional Authorized Cost	\$ -0-
Revised Authorized Cost	\$ 1,249,560
Percentage Increase over Original Authorized Cost	0%
Percentage Completion	8%
Original Target Completion Date	09/30/15
Revised Target Completion Date	N/A

Exhibit F-1D

MILLBURN TOWNSHIP SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS -  
BUDGETARY BASIS  
DEERFIELD PARTIAL ROOF REPLACEMENT  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Project Authorization</u>
Revenue and Other Financing Sources:				
State Sources - SDA Grant		\$ 435,655	\$ 435,655	\$ 435,655
Transfer from Capital Reserve		653,482	653,482	653,482
Total Revenue and Other Financing Sources		<u>1,089,137</u>	<u>1,089,137</u>	<u>1,089,137</u>
Expenditures:				
Purchased Professional and Technical Services		86,137	86,137	86,137
Construction Services		1,003,000	1,003,000	1,003,000
Total Expenditures		<u>1,089,137</u>	<u>1,089,137</u>	<u>1,089,137</u>
Excess of Revenue and Other Financing Sources Over Expenditures	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

Additional Project Information:

Project Number	3190-050-14-1004
Grant Date	06/06/14
Bond Authorization Date	N/A
Bonds Authorized	\$ -0-
Bonds Issued	\$ -0-
Original Authorized Cost	\$ 1,089,137
Additional Authorized Cost	\$ -0-
Revised Authorized Cost	\$ 1,089,137
Percentage Increase over Original Authorized Cost	0%
Percentage Completion	100.00%
Original Target Completion Date	06/30/15
Revised Target Completion Date	N/A

Exhibit F-1E

MILLBURN TOWNSHIP SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS -  
BUDGETARY BASIS  
WYOMING PARTIAL ROOF REPLACEMENT  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Prior Periods	Current Year	Totals	Revised Project Authorization
Revenue and Other Financing Sources:				
State Sources - SDA Grant		\$ 138,901	\$ 138,901	\$ 138,901
Transfer from Capital Reserve		208,352	208,352	208,352
Total Revenue and Other Financing Sources		347,253	347,253	347,253
Expenditures:				
Purchased Professional and Technical Services		22,026	22,026	56,478
Construction Services				290,775
Total Expenditures		22,026	22,026	347,253
Excess of Revenue and Other Financing Sources Over Expenditures	\$ -0-	\$ 325,227	\$ 325,227	\$ -0-

Additional Project Information:

Project Number	3190-050-14-1005
Grant Date	06/06/14
Bond Authorization Date	N/A
Bonds Authorized	\$ -0-
Bonds Issued	\$ -0-
Original Authorized Cost	\$ 347,253
Additional Authorized Cost	\$ -0-
Revised Authorized Cost	\$ 347,253
Percentage Increase over Original Authorized Cost	0%
Percentage Completion	6%
Original Target Completion Date	09/30/15
Revised Target Completion Date	N/A

Exhibit F-2

MILLBURN TOWNSHIP SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF GRANT ANTICIPATION NOTES PAYABLE

<u>Purpose</u>	<u>Original Issue</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Issued</u>	<u>Balance June 30, 2015</u>
Partial Roof Replacements	\$ 1,073,000	12/11/14	12/11/15	0.73999%	<u>\$ 1,073,000</u>	<u>\$ 1,073,000</u>

PROPRIETARY FUNDS

Exhibit G-1

MILLBURN TOWNSHIP SCHOOL DISTRICT  
ENTERPRISE FUNDS  
COMBINING STATEMENT OF NET POSITION  
JUNE 30, 2015

	<u>Non-Major Funds</u>		<u>Totals</u>
	<u>Field Rental/ Joint Facilities</u>	<u>Food Service</u>	
<u>ASSETS:</u>			
Current Assets:			
Cash and Cash Equivalents	\$ 311,888	\$ 261,306	\$ 573,194
Other Accounts Receivable		1,012	1,012
Inventories		6,008	6,008
Total Current Assets	<u>311,888</u>	<u>268,326</u>	<u>580,214</u>
Non-Current Assets:			
Capital Assets		182,288	182,288
Less: Accumulated Depreciation		<u>(125,007)</u>	<u>(125,007)</u>
Total Non-Current Assets		<u>57,281</u>	<u>57,281</u>
Total Assets	<u>311,888</u>	<u>325,607</u>	<u>637,495</u>
<u>LIABILITIES:</u>			
Current Liabilities:			
Accounts Payable	18,062	45,878	63,940
Unearned Revenue		<u>23,440</u>	<u>23,440</u>
Total Current Liabilities	<u>18,062</u>	<u>69,318</u>	<u>87,380</u>
<u>NET POSITION:</u>			
Net Investment in Capital Assets		57,281	57,281
Unrestricted	<u>293,826</u>	<u>199,008</u>	<u>492,834</u>
Total Net Position	<u>\$ 293,826</u>	<u>\$ 256,289</u>	<u>\$ 550,115</u>

Exhibit G-2

MILLBURN TOWNSHIP SCHOOL DISTRICT  
ENTERPRISE FUNDS  
COMBINING STATEMENT OF REVENUE, EXPENSES  
AND CHANGES IN FUND NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Non-Major Funds</u>		<u>Totals</u>
	<u>Field Rental/ Joint Facilities</u>	<u>Food Service</u>	
Operating Revenue:			
Daily Sales		\$ 617,595	617,595
Charges for Services:			
Program Fees	\$ 62,780		62,780
Special Events		12,167	12,167
Miscellaneous Revenue		45,971	45,971
Total Operating Revenue	<u>62,780</u>	<u>675,733</u>	<u>738,513</u>
Operating Expenses:			
Cost of Sales		302,723	302,723
Salaries		205,451	205,451
Employee Benefits & Payroll Taxes		49,129	49,129
Purchased Professional and Technical Services		48,698	48,698
Other Purchased Services		29,926	29,926
Cleaning, Repair and Maintenance Services	58,600		58,600
Supplies and Materials		28,841	28,841
Miscellaneous Expense		20,909	20,909
Depreciation Expense		4,501	4,501
Total Operating Expenses	<u>58,600</u>	<u>690,178</u>	<u>748,778</u>
Operating Income/(Loss)	4,180	(14,445)	(10,265)
Non-Operating Revenue:			
Local Sources:			
Interest Earnings		271	271
Total Non-Operating Income		<u>271</u>	<u>271</u>
Change in Net Position Before Other Item	<u>4,180</u>	<u>(14,174)</u>	<u>(9,994)</u>
Other Item:			
Disposal of Capital Assets		(984)	(984)
Total Other Item		<u>(984)</u>	<u>(984)</u>
Change in Net Position	4,180	(15,158)	(10,978)
Net Position - Beginning of Year	<u>289,646</u>	<u>271,447</u>	<u>561,093</u>
Net Position - End of Year	<u>\$ 293,826</u>	<u>\$ 256,289</u>	<u>\$ 550,115</u>

Exhibit G-3

MILLBURN TOWNSHIP SCHOOL DISTRICT  
ENTERPRISE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Non-Major Funds		Totals
	Field Rental/ Joint Facilities	Food Service	
Cash Flows from Operating Activities:			
Receipts from Customers	\$ 62,780	\$ 704,280	\$ 767,060
Payments to Food Service Contractors		(679,113)	(679,113)
Payments to Suppliers	(51,428)	(16,942)	(68,370)
Net Cash Provided by Operating Activities	<u>11,352</u>	<u>8,225</u>	<u>19,577</u>
Cash Flows from Investment Activities:			
Interest Income		271	271
Net Cash Provided by Investment Activities		<u>271</u>	<u>271</u>
Cash Flows from Capital and Related Financing Activities:			
Purchase of Capital Assets		(16,380)	(16,380)
Net Cash Used for Capital and Related Financing Activities		<u>(16,380)</u>	<u>(16,380)</u>
Cash Flows from Noncapital & Financing Activities:			
State Sources		250	250
Federal Sources		4,410	4,410
Net Cash Provided by Noncapital & Financing Activities		<u>4,660</u>	<u>4,660</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	11,352	(3,224)	8,128
Cash and Cash Equivalents, July 1	<u>300,536</u>	<u>264,530</u>	<u>565,066</u>
Cash and Cash Equivalents, June 30	<u>\$ 311,888</u>	<u>\$ 261,306</u>	<u>\$ 573,194</u>
Reconciliation of Operating Income/(Loss) to Net Cash Provided by/(Used for) Operating Activities:			
Operating Income/(Loss)	\$ 4,180	\$ (14,445)	\$ (10,265)
Adjustment to Reconcile Operating Income to Net Cash Provided by Operating Activities:			
Depreciation		4,501	4,501
Changes in Assets and Liabilities:			
Decrease in Other Accounts Receivable		5,107	5,107
(Increase) in Inventory		(1,892)	(1,892)
Increase/(Decrease) in Accounts Payable	7,172	(8,486)	(1,314)
Increase in Unearned Revenue		23,440	23,440
Net Cash Provided by Operating Activities	<u>\$ 11,352</u>	<u>\$ 8,225</u>	<u>\$ 19,577</u>

FIDUCIARY FUNDS

MILLBURN TOWNSHIP SCHOOL DISTRICT  
FIDUCIARY FUNDS  
COMBINING STATEMENT OF NET POSITION  
JUNE 30, 2015

	<u>Student Activity</u>	<u>Agency Payroll</u>	<u>Totals</u>	<u>Unemployment Compensation Trust</u>	<u>Flexible Spending Trust</u>	<u>Private Purpose Scholarships Trust</u>
<u>ASSETS:</u>						
Cash and Cash Equivalents	\$ 312,635	\$ 94,817	\$ 407,452	\$ 387,354	\$ 95,339	\$ 1,783
Total Assets	<u>312,635</u>	<u>94,817</u>	<u>407,452</u>	<u>387,354</u>	<u>95,339</u>	<u>1,783</u>
<u>LIABILITIES:</u>						
Payroll Deductions and Withholdings Due to Student Groups	<u>312,635</u>	<u>94,817</u>	<u>312,635</u>			
Total Liabilities	<u>312,635</u>	<u>94,817</u>	<u>407,452</u>			
<u>NET POSITION:</u>						
Held in Trust for:						
Unemployment Claims				387,354		
Flexible Spending Claims					95,339	
Scholarships						1,783
Total Net Position	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 387,354</u>	<u>\$ 95,339</u>	<u>\$ 1,783</u>

Exhibit H-2

MILLBURN TOWNSHIP SCHOOL DISTRICT  
FIDUCIARY FUNDS  
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Unemployment Compensation Trust	Flexible Spending Trust	Private Purpose Scholarships Trust
	<u>                    </u>	<u>                    </u>	<u>                    </u>
ADDITIONS:			
Contributions:			
Plan Members	\$ 71,394	\$ 214,043	
Board Contribution			
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Contributions	<u>71,394</u>	<u>214,043</u>	
Investment Earnings:			
Interest			\$ 1
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Net Investment Earnings			<u>1</u>
Total Additions	<u>71,394</u>	<u>214,043</u>	<u>1</u>
DEDUCTIONS:			
Unemployment Benefit Claims	59,592		
Flexible Spending Claims		190,490	
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Deductions	<u>59,592</u>	<u>190,490</u>	
Change in Net Position	11,802	23,553	1
Net Position - Beginning of the Year	<u>375,552</u>	<u>71,786</u>	<u>1,782</u>
Net Position - End of the Year	<u>\$ 387,354</u>	<u>\$ 95,339</u>	<u>\$ 1,783</u>

Exhibit H-3

MILLBURN TOWNSHIP SCHOOL DISTRICT  
STUDENT ACTIVITY AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Balance</u> <u>July 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2015</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 355,653	\$ 890,451	\$ 933,469	\$ 312,635
Total Assets	<u>\$ 355,653</u>	<u>\$ 890,451</u>	<u>\$ 933,469</u>	<u>\$ 312,635</u>
 <u>LIABILITIES:</u>				
Liabilities:				
Due to Student Groups	\$ 355,653	\$ 890,451	\$ 933,469	\$ 312,635
Total Liabilities	<u>\$ 355,653</u>	<u>\$ 890,451</u>	<u>\$ 933,469</u>	<u>\$ 312,635</u>

Exhibit H-4

MILLBURN TOWNSHIP SCHOOL DISTRICT  
PAYROLL AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Balance</u> <u>July 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2015</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 35,853	\$ 60,008,505	\$ 59,949,541	\$ 94,817
Total Assets	<u>\$ 35,853</u>	<u>\$ 60,008,505</u>	<u>\$ 59,949,541</u>	<u>\$ 94,817</u>
<u>LIABILITIES:</u>				
Payroll Deductions and Withholdings	\$ 35,853	\$ 60,008,505	\$ 59,949,541	\$ 94,817
Total Liabilities	<u>\$ 35,853</u>	<u>\$ 60,008,505</u>	<u>\$ 59,949,541</u>	<u>\$ 94,817</u>

LONG-TERM DEBT

MILLBURN TOWNSHIP SCHOOL DISTRICT  
LONG-TERM DEBT  
SCHEDULE OF SERIAL BONDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance July 1, 2014	Issued	Retired or Matured	Balance June 30, 2015
			Date	Amount					
School Bonds	07/15/95	\$ 22,420,000	7/15/15-18	\$ 1,150,000	5.350%	\$ 6,899,000		\$ 1,150,000	\$ 5,749,000
			07/15/19	1,149,000	5.350%				
Refunding Bonds	12/12/06	9,180,000	01/15/16	840,000	3.700%	6,605,000		835,000	5,770,000
			01/15/17	840,000	3.700%				
			01/15/18	835,000	3.700%				
			01/15/19	830,000	3.700%				
			01/15/20	820,000	3.700%				
			01/15/21	810,000	3.700%				
			01/15/22	795,000	3.700%				
School Bonds	01/30/07	21,300,000	07/15/15	750,000	4.250%	16,800,000		14,250,000	2,550,000
			07/15/16	850,000	4.250%				
			07/15/17	950,000	4.250%				
Refunding Bonds	07/20/11	7,920,000	09/15/15	650,000	2.000%	7,150,000		640,000	6,510,000
			09/15/16	665,000	3.000%				
			09/15/17	690,000	4.000%				
			09/15/18	710,000	3.000%				
			09/15/19	730,000	4.000%				
			09/15/20	755,000	4.000%				
			09/15/21	775,000	4.000%				
			09/15/22	790,000	4.000%				
			09/15/23	745,000	4.000%				

MILLBURN TOWNSHIP SCHOOL DISTRICT  
LONG-TERM DEBT  
SCHEDULE OF SERIAL BONDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding			Interest Rate	Balance July 1, 2014	Issued	Retired or Matured	Balance June 30, 2015
			Date	Amount						
Refunding Bonds	02/19/15	\$ 12,110,000	07/15/18	\$ 975,000	4.000%					
			07/15/19	1,015,000	4.000%					
			07/15/20	1,010,000	4.000%					
			07/15/21	1,155,000	4.000%					
			07/15/22	1,150,000	5.000%					
			07/15/23	1,355,000	5.000%					
			07/15/24	1,355,000	5.000%					
			07/15/25	1,360,000	5.000%					
			07/15/26	1,365,000	5.000%					
			07/15/27	1,370,000	5.000%					
							\$ 12,110,000		\$ 12,110,000	
						\$ 37,454,000	\$ 12,110,000	\$ 16,875,000	\$ 32,689,000	
						Matured		\$ 3,375,000		
						Defeased by Refunding		13,500,000		
								\$ 16,875,000		

MILLBURN TOWNSHIP SCHOOL DISTRICT  
LONG-TERM DEBT  
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Purpose	Interest Rate	Original Issue	Balance July 1, 2014	Issued	Matured	Balance June 30, 2015
950 MacBook Pro's, 300 iMac, 11 APS 4, 38 Bretford Mobility Carts and 12 Apple iPads Learning Lap (with 10 iPad 2 devices)	0.0%	\$ 1,642,542	\$ 971,509		\$ 323,836	\$ 647,673
243 iMac's, 82 MacBook Pro's and 407 MacBook Air's and 35 USB SuperDrives	0.0%	773,104	683,250		89,853	593,397
2015 54-Passenger Bluebird School Bus	2.36%	85,234		\$ 85,234	30,000	55,234
725 MacBook Air's and 18 Bretford Mobility Carts	0.0%	719,669		719,669	71,883	647,786
			<u>\$ 1,654,759</u>	<u>\$ 804,903</u>	<u>\$ 515,572</u>	<u>\$ 1,944,090</u>

MILLBURN TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
DEBT SERVICE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 4,466,798		\$ 4,466,798	\$ 4,466,798	
State Sources:					
Debt Service Aid Type II	242,821		242,821	242,821	
Total Revenues	<u>4,709,619</u>		<u>4,709,619</u>	<u>4,709,619</u>	
EXPENDITURES:					
Regular Debt Service:					
Interest	1,520,832		1,520,832	1,520,832	
Redemption of Principal	3,375,000		3,375,000	3,375,000	
Total Expenditures	<u>4,895,832</u>		<u>4,895,832</u>	<u>4,895,832</u>	
Deficit of Revenues Under Expenditures	(186,213)		(186,213)	(186,213)	
Other Financing Sources/(Uses):					
Serial Bonds Issued				12,110,000	\$ 12,110,000
Bond Premium				2,741,348	2,741,348
Serial Bonds Defeased				(13,500,000)	(13,500,000)
Bond Issuance Costs				(125,042)	(125,042)
Deferred Interest				(1,226,306)	(1,226,306)
Transfer from Capital Projects Fund:					
Interest Earned				33	33
Unexpended Bond Proceeds				119,036	119,036
Total Other Financing Sources/(Uses)				<u>119,069</u>	<u>119,069</u>
Excess/(Deficit) of Revenues and Other Financing Sources/ (Uses) Over/(Under) Expenditures	(186,213)		(186,213)	(67,144)	119,069
Fund Balance, July 1	186,243		186,243	186,243	
Fund Balance, June 30	<u>\$ 30</u>	<u>\$ -0-</u>	<u>\$ 30</u>	<u>\$ 119,099</u>	<u>\$ 119,069</u>
Recapitulation:					
Restricted - For Subsequent Year's Expenditures				\$ 119,066	
Restricted				33	
Total Restricted Fund Balance				<u>\$ 119,099</u>	

STATISTICAL SECTION

**STATISTICAL SECTION**  
(UNAUDITED)

This part of the District's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the District's overall financial health.

**Contents**

**Exhibit**

**Financial Trends**

These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.

J-1 thru J-5

**Revenue Capacity**

These schedules contain information to help the reader assess the factors affecting the District's ability to generate its property taxes.

J-6 thru J-9

**Debt Capacity**

These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.

J-10 thru J-13

**Demographic and Economic Information**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place and to help make comparisons over time and with other governments.

J-14 thru J-15

**Operating Information**

These schedules contain information about the District's operations and resources to help the reader understand how the District's financial information relates to the services the District provides and the activities it performs.

J-16 thru J-20

**Sources:** Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year.

MILLBURN TOWNSHIP SCHOOL DISTRICT  
NET POSITION BY COMPONENT  
LAST TEN FISCAL YEARS  
UNAUDITED  
*(Accrual Basis of Accounting)*

	June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	(Restated)	2015
									2014	
<b>Governmental Activities:</b>										
Net Investment in Capital Assets (Deficit)	\$ (5,625,770)	\$(24,147,635)	\$(17,611,260)	\$ (3,021,858)	\$ 898,853	\$ 2,738,433	\$ 5,673,548	\$ 9,540,569	\$ 13,771,816	\$ 18,275,683
Restricted	5,995,271	7,244,083	23,208,144	14,793,320	11,590,387	10,016,693	10,563,636	9,362,935	6,772,940	5,293,272
Unrestricted (Deficit)	424,091	21,034,071	1,114,456	(258,791)	606,999	406,232	(285,216)	(343,727)	(20,235,005)	(21,593,726)
<b>Total Governmental Activities Net Position</b>	<b>\$ 793,592</b>	<b>\$ 4,130,519</b>	<b>\$ 6,711,340</b>	<b>\$ 11,512,671</b>	<b>\$ 13,096,239</b>	<b>\$ 13,161,358</b>	<b>\$ 15,951,968</b>	<b>\$ 18,559,777</b>	<b>\$ 309,751</b>	<b>\$ 1,975,229</b>
<b>Business-type Activities:</b>										
Net Investment in Capital Assets	\$ 6,636	\$ 5,164	\$ 3,693	\$ 69,028	\$ 57,246	\$ 49,526	\$ 41,873	\$ 55,364	\$ 46,386	\$ 57,281
Unrestricted	166,964	204,865	244,540	237,062	263,657	339,300	407,204	442,047	514,707	492,834
<b>Total Business-type Activities Net Position</b>	<b>\$ 173,600</b>	<b>\$ 210,029</b>	<b>\$ 248,233</b>	<b>\$ 306,090</b>	<b>\$ 320,903</b>	<b>\$ 388,826</b>	<b>\$ 449,077</b>	<b>\$ 497,411</b>	<b>\$ 561,093</b>	<b>\$ 550,115</b>
<b>District-wide:</b>										
Net Investment in Capital Assets (Deficit)	\$ (5,619,134)	\$(24,142,471)	\$(17,607,567)	\$ (2,952,830)	\$ 956,099	\$ 2,787,959	\$ 5,715,421	\$ 9,595,933	\$ 13,818,202	\$ 18,332,964
Restricted	5,995,271	7,244,083	23,208,144	14,793,320	11,590,387	10,016,693	10,563,636	9,362,935	6,772,940	5,293,272
Unrestricted (Deficit)	591,055	21,238,936	1,358,996	(21,729)	870,656	745,532	121,988	98,320	(19,720,298)	(21,100,892)
<b>Total District Net Position</b>	<b>\$ 967,192</b>	<b>\$ 4,340,548</b>	<b>\$ 6,959,573</b>	<b>\$ 11,818,761</b>	<b>\$ 13,417,142</b>	<b>\$ 13,550,184</b>	<b>\$ 16,401,045</b>	<b>\$ 19,057,188</b>	<b>\$ 870,844</b>	<b>\$ 2,525,344</b>

MILLBURN TOWNSHIP SCHOOL DISTRICT  
CHANGES IN NET POSITION  
LAST TEN FISCAL YEARS  
UNAUDITED  
(Accrual Basis of Accounting)

Expenses:	Fiscal Year Ending June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental Activities:										
Instruction:										
Regular	\$ 31,434,454	\$ 34,829,654	\$ 36,205,963	\$ 36,900,204	\$ 39,242,561	\$ 39,368,597	\$ 40,012,054	\$ 42,120,882	\$ 41,581,725	\$ 48,136,945
Special Education	5,104,534	5,731,175	5,997,331	6,045,526	6,664,958	6,636,844	6,858,867	7,004,876	7,084,468	8,481,855
Other Special Education					1,076,746	1,024,324	1,081,274	1,329,689	1,282,301	1,333,784
Other Instruction	2,406,254	2,723,836	2,871,361	2,865,518	1,895,324	1,778,563	1,730,174	1,928,798	1,910,641	2,379,325
Support Services:										
Tuition	2,162,831	2,314,069	1,970,740	1,985,622	1,914,671	1,795,136	2,132,287	2,511,902	2,526,107	2,884,505
Student & Instruction Related Services	12,135,407	13,535,358	14,238,145	14,049,547	14,136,561	13,231,475	13,394,479	13,524,226	13,897,109	16,626,291
General & Business Administrative Services	3,020,558	2,829,711	3,007,515	3,118,998						
General Administrative Services					1,148,162	1,045,625	1,261,167	1,159,205	1,655,392	1,844,306
School Administrative Services	3,341,569	3,638,578	3,781,327	3,703,873	3,808,743	4,242,723	4,333,362	4,417,753	4,308,270	4,762,840
Central Services					1,330,633	1,561,666	1,405,161	1,486,185	1,489,790	1,688,684
Administrative Information Technology					645,708	607,962	591,596	711,810	819,105	881,864
Plant Operations and Maintenance	6,138,208	6,291,651	6,857,762	7,426,762	7,172,703	7,352,183	7,439,464	7,229,952	7,835,646	8,047,309
Pupil Transportation	2,568,252	2,702,958	2,808,707	2,924,577	2,944,693	2,814,772	2,744,063	2,888,170	3,127,389	3,126,168
Interest on Long-term Debt	1,878,217	1,914,971	2,487,751	2,355,693	2,202,024	2,088,810	2,035,950	1,847,553	1,551,376	1,323,123
Unallocated Depreciation						53,260	52,488	42,878	123,337	99,280
Total Governmental Activities Expenses	<u>70,190,284</u>	<u>76,511,961</u>	<u>80,226,602</u>	<u>81,376,320</u>	<u>84,183,487</u>	<u>83,601,940</u>	<u>85,072,386</u>	<u>88,203,879</u>	<u>89,192,656</u>	<u>101,616,279</u>
Business-type Activities:										
Food Service	604,396	651,088	660,573	672,736	561,115	575,874	594,156	564,764	602,583	690,178
Adult School	26,210	25,868	13,889	16,504						
Field Rental/Joint Facilities	45,547	26,810	20,303	29,842	25,960	69,846	23,485	28,120	21,292	58,600
Family Service	1,095	4,480								
Total Business-type Activities Expense	<u>677,248</u>	<u>708,246</u>	<u>694,765</u>	<u>719,082</u>	<u>587,075</u>	<u>645,720</u>	<u>617,641</u>	<u>592,884</u>	<u>623,875</u>	<u>748,778</u>
Total District-wide Expenses	<u>\$ 70,867,532</u>	<u>\$ 77,220,207</u>	<u>\$ 80,921,367</u>	<u>\$ 82,095,402</u>	<u>\$ 84,770,562</u>	<u>\$ 84,247,660</u>	<u>\$ 85,690,027</u>	<u>\$ 88,796,763</u>	<u>\$ 89,816,531</u>	<u>#####</u>
Program Revenues:										
Governmental Activities:										
Charges for Services:										
Regular Instruction							\$ 134,613	\$ 132,602	\$ 127,252	\$ 111,497
Special Education Instruction						\$ 305,093	344,740	372,203	256,439	103,634
Pupil Transportation				\$ 22,113				602,560	648,246	680,764
Operating Grants and Contributions	\$ 9,944,996	\$ 10,503,389	\$ 13,184,410	11,516,987	\$ 10,669,612	9,849,638	8,125,151	10,690,223	12,723,227	22,000,460
Capital Grants and Contributions										435,655
Total Governmental Activities Program Revenues	<u>9,944,996</u>	<u>10,503,389</u>	<u>13,184,410</u>	<u>11,539,100</u>	<u>10,669,612</u>	<u>10,154,731</u>	<u>8,604,504</u>	<u>11,797,588</u>	<u>13,755,164</u>	<u>23,332,010</u>

MILLBURN TOWNSHIP SCHOOL DISTRICT  
CHANGES IN NET POSITION  
LAST TEN FISCAL YEARS  
UNAUDITED  
(Accrual Basis of Accounting)

	Fiscal Year Ending June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Program Revenues:										
Business-type Activities:										
Charges for Services:										
Food Service	\$ 581,831	\$ 661,996	\$ 637,515	\$ 614,570	\$ 566,497	\$ 631,539	\$ 607,425	\$ 562,411	\$ 615,182	\$ 675,733
Adult School	21,648	20,853	24,895							
Field Rental/Joint Facilities	45,275	46,940	60,127	70,316	28,601	69,358	51,228	57,115	42,491	62,780
Family Service	1,125	4,500								
Operating Grants and Contributions	41,649	10,000			8,278	13,541	19,019	21,462	29,612	
Total Business-type Activities Program Revenues	691,528	744,289	722,537	684,886	603,376	714,438	677,672	640,988	687,285	738,513
Total District-wide Program Revenues	<u>\$ 11,194,917</u>	<u>\$ 13,928,699</u>	<u>\$ 12,261,637</u>	<u>\$ 11,354,498</u>	<u>\$ 10,758,107</u>	<u>\$ 9,318,942</u>	<u>\$ 12,475,260</u>	<u>\$ 14,396,152</u>	<u>\$ 24,019,295</u>	<u>\$ 738,513</u>
Net (Expense)/Revenue:										
Governmental Activities	#####	#####	#####	#####	#####	#####	#####	#####	#####	\$(78,284,269)
Business-type Activities	14,280	36,043	27,772	(34,196)	16,301	68,718	60,031	48,104	63,410	(10,265)
Total District-wide Net Expense	<u>#####</u>	<u>#####</u>	<u>#####</u>	<u>#####</u>	<u>#####</u>	<u>#####</u>	<u>#####</u>	<u>#####</u>	<u>#####</u>	<u>\$(78,294,534)</u>
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 57,753,521	\$ 62,055,799	\$ 65,038,578	\$ 67,755,037	\$ 69,105,645	\$ 70,487,758	\$ 71,439,343	\$ 71,903,699	\$ 73,341,773	\$ 74,808,608
Taxes Levied for Debt Service	1,811,994	1,761,597	3,954,570	4,447,812	4,593,643	4,172,672	4,141,587	4,440,187	4,494,542	4,466,798
Unrestricted Grants and Contributions	708,022	1,785,764	699,140	129,153	537,235	288,891	258,550	318,376	324,298	408,990
Tuition	190,797	159,625	179,283	169,993						
Investment Earnings	562,153	1,190,255	1,261,841	537,058	49,386	19,499	2,234	2,045	426	394
Miscellaneous Income	173,068	228,741	185,424	940,305	201,503	92,771	223,694	254,578	220,240	264,957
N.J. Economic Development Authority Grants		(235,501)								
Transfers	(10,000)	(10,000)	(10,000)	(25,000)		964				
Refunding Bonds, Net		(555,000)								
Adjustments to Capital Assets	(17,713,153)	283,198	(40,514)	(274,477)						
Cancellation of SDA Grant Receivable					(136,816)					
Insurance Recovery Related to Other Costs of Super Storm Sandy							227,096			
Total Governmental Activities	<u>43,476,402</u>	<u>66,664,478</u>	<u>71,268,322</u>	<u>73,679,881</u>	<u>74,350,596</u>	<u>75,062,555</u>	<u>76,065,408</u>	<u>77,145,981</u>	<u>78,381,279</u>	<u>79,949,747</u>
Business-type Activities:										
Investment Earnings	396	386	433	247	91	169	220	230	272	271
Transfers			10,000	25,000		(964)				
Disposal of Capital Assets					(12,138)					(984)
Total Business-type Activities	<u>396</u>	<u>386</u>	<u>10,433</u>	<u>25,247</u>	<u>(12,047)</u>	<u>(795)</u>	<u>220</u>	<u>230</u>	<u>272</u>	<u>(713)</u>

MILLBURN TOWNSHIP SCHOOL DISTRICT  
CHANGES IN NET POSITION  
LAST TEN FISCAL YEARS  
UNAUDITED  
*(Accrual Basis of Accounting)*

	Fiscal Year Ending June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Total District-wide General Revenues and Other Changes in Net Position	<u>\$ 43,476,798</u>	<u>\$ 66,664,864</u>	<u>\$ 71,278,755</u>	<u>\$ 73,705,128</u>	<u>\$ 74,338,549</u>	<u>\$ 75,061,760</u>	<u>\$ 76,065,628</u>	<u>\$ 77,146,211</u>	<u>\$ 78,381,551</u>	<u>\$ 79,949,034</u>
Change in Net Position:										
Governmental Activities	\$(16,210,493)	\$ 3,336,927	\$ 2,580,820	\$ 2,973,173	\$ 321,840	\$ 65,119	\$ 2,790,610	\$ 2,697,266	\$ 12,520,633	\$ 1,665,478
Business-type Activities	14,676	36,429	38,205	(8,949)	4,254	67,923	60,251	48,334	63,682	(10,978)
Total District-wide Change in Net Position	<u>\$(16,195,817)</u>	<u>\$ 3,373,356</u>	<u>\$ 2,619,025</u>	<u>\$ 2,964,224</u>	<u>\$ 326,094</u>	<u>\$ 133,042</u>	<u>\$ 2,850,861</u>	<u>\$ 2,745,600</u>	<u>\$ 12,584,315</u>	<u>\$ 1,654,500</u>

MILLBURN TOWNSHIP SCHOOL DISTRICT  
FUND BALANCES - GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS  
UNAUDITED  
*(Modified Accrual Basis of Accounting)*

	June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Fund:										
Reserved/Restricted	\$ 4,409,810	\$ 6,861,657	\$ 7,594,509	\$ 9,870,248	\$ 8,527,451	\$ 7,876,194	\$ 9,533,943	\$ 8,710,663	\$ 6,348,623	\$ 5,055,135
Assigned						978,492	783,434	934,503	900,167	391,347
Unassigned						1,749,628	1,524,744	1,433,194	1,452,631	1,490,129
Unreserved	<u>2,052,283</u>	<u>1,930,922</u>	<u>2,358,489</u>	<u>2,071,239</u>	<u>2,948,309</u>					
Total General Fund	<u>\$ 6,462,093</u>	<u>\$ 8,792,579</u>	<u>\$ 9,952,998</u>	<u>\$ 11,941,487</u>	<u>\$ 11,475,760</u>	<u>\$ 10,604,314</u>	<u>\$ 11,842,121</u>	<u>\$ 11,078,360</u>	<u>\$ 8,701,421</u>	<u>\$ 6,936,611</u>
All Other Governmental Funds:										
Reserved/Restricted	\$ 460,669	\$ 1,432,658	\$ 11,104,175	\$ 737,602	\$ 14,000	\$ 2,124,414	\$ 1,013,608	\$ 652,272	\$ 424,317	\$ 238,137
Committed						16,085	16,085			833,644
Unreserved, Reported in:										
Capital Projects Fund	1,198,134	19,788,850	4,900,165	3,786,806	2,280,155					
Debt Service Fund	<u>92,474</u>	<u>474,951</u>	<u>670,994</u>	<u>398,663</u>	<u>768,781</u>					
Total All Other Governmental Funds	<u>\$ 1,751,277</u>	<u>\$ 21,696,459</u>	<u>\$ 16,675,334</u>	<u>\$ 4,923,071</u>	<u>\$ 3,062,936</u>	<u>\$ 2,140,499</u>	<u>\$ 1,029,693</u>	<u>\$ 652,272</u>	<u>\$ 424,317</u>	<u>\$ 1,071,781</u>
Total Governmental Funds	<u>\$ 8,213,370</u>	<u>\$ 30,489,038</u>	<u>\$ 26,628,332</u>	<u>\$ 16,864,558</u>	<u>\$ 14,538,696</u>	<u>\$ 12,744,813</u>	<u>\$ 12,871,814</u>	<u>\$ 11,730,632</u>	<u>\$ 9,125,738</u>	<u>\$ 8,008,392</u>

MILLBURN TOWNSHIP SCHOOL DISTRICT  
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS  
UNAUDITED  
*(Modified Accrual Basis of Accounting)*

	Fiscal Year Ending June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Revenues:</b>										
Tax Levy	\$ 61,441,644	\$ 65,730,269	\$ 68,993,148	\$ 72,202,849	\$ 73,699,288	\$ 74,660,430	\$ 75,580,930	\$ 76,343,886	\$ 77,836,315	\$ 79,275,406
Tuition Charges	190,797	159,625	179,283	169,993	305,093	479,353	504,805	383,691	323,564	215,131
Transportation Fees							602,560	648,246	653,446	680,764
Interest Earnings	562,153	1,190,255	1,261,841	537,058	3,490	1,640	535	564	300	86
Miscellaneous	649,839	1,509,952	239,755	974,851	308,204	217,205	440,362	439,635	451,220	575,764
State Sources	7,974,539	10,636,094	11,006,084	9,611,465	8,829,795	6,978,956	9,148,780	11,646,877	10,239,376	12,163,368
Federal Sources	883,972	1,139,997	1,177,826	1,152,754	1,496,273	1,328,512	1,585,024	1,211,150	1,284,251	1,278,717
<b>Total Revenue</b>	<b>71,702,944</b>	<b>80,366,192</b>	<b>82,857,937</b>	<b>84,648,970</b>	<b>84,642,143</b>	<b>83,666,096</b>	<b>87,862,996</b>	<b>90,674,049</b>	<b>90,788,472</b>	<b>94,189,236</b>
<b>Expenditures:</b>										
<b>Instruction:</b>										
Regular Instruction	23,469,666	25,145,724	25,518,261	27,068,230	27,829,367	28,236,787	28,661,148	29,708,495	30,434,621	30,875,039
Special Education Instruction	3,857,419	4,181,089	4,351,880	4,489,771	4,866,101	4,769,489	4,890,199	4,858,991	5,068,136	5,286,587
Other Special Instruction					1,080,027	1,025,731	1,084,113	1,327,864	1,271,205	1,336,927
School-Sponsored/Other Instruction	2,052,571	2,264,407	2,389,580	2,423,790	1,386,685	1,303,208	1,246,405	1,352,697	1,343,508	1,391,507
<b>Support Services:</b>										
Tuition	2,162,831	2,314,069	1,970,740	1,985,621	1,914,671	1,795,136	2,132,287	2,511,902	2,526,107	2,884,505
Student & Other Instruction Related Service	9,399,587	10,118,486	10,508,308	10,470,248	10,193,209	9,446,867	9,633,421	9,799,187	10,191,260	10,885,108
General & Business Administrative Service	2,526,638	2,260,260								
General Administrative Services			881,777	950,705	978,546	878,662	1,046,202	913,259	1,374,606	1,580,988
School Administrative Services	2,624,138	2,746,615	2,773,342	2,791,601	2,866,129	3,137,921	3,193,248	3,196,585	3,178,838	3,182,014
Central Services			882,253	897,867	801,433	889,314	866,916	900,911	925,461	982,523
Administrative Information Technology			632,772	670,977	645,708	607,962	591,596	667,670	741,734	795,951
Plant Operations and Maintenance	5,290,209	5,348,487	5,699,642	6,215,237	5,734,554	5,720,833	5,829,045	5,679,837	6,219,494	6,273,134
Student Transportation	2,252,248	2,354,347	2,456,206	2,517,903	2,504,917	2,377,917	2,328,110	2,495,836	2,726,348	2,716,063
Unallocated Benefits	13,176,997	16,238,353	18,036,358	17,195,193	19,309,561	19,509,798	19,601,889	19,906,130	18,911,488	20,464,489
Capital Outlay	1,601,485	2,445,728	6,021,240	12,555,435	1,423,188	560,038	1,500,768	5,321,735	4,283,021	2,560,818
<b>Debt Service:</b>										
Principal	1,850,000	2,095,000	2,110,000	2,955,000	3,020,000	3,065,000	3,285,000	3,250,000	3,315,000	3,375,000
Interest and Other Charges	1,964,498	1,632,457	2,476,284	2,415,369	2,277,093	2,136,280	1,845,648	1,793,770	1,655,643	1,520,832
<b>Total Expenditures</b>	<b>72,228,287</b>	<b>79,145,022</b>	<b>86,708,643</b>	<b>95,602,947</b>	<b>86,831,189</b>	<b>85,460,943</b>	<b>87,735,995</b>	<b>93,684,869</b>	<b>94,166,470</b>	<b>96,111,485</b>

MILLBURN TOWNSHIP SCHOOL DISTRICT  
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS  
UNAUDITED  
*(Modified Accrual Basis of Accounting)*

	Fiscal Year Ending June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Excess/(Deficit) of Revenues Over/(Under)										
Expenditures	\$ (525,343)	\$ 1,221,170	\$ (3,850,706)	#####	\$ (2,189,046)	\$ (1,794,847)	\$ 127,001	\$ (3,010,820)	\$ (3,377,998)	\$ (1,922,249)
Other Financing Sources/(Uses):										
Long Term Debt Issued		21,300,000								
Serial Bonds Issued							7,920,000			12,110,000
Bond Premium							582,986			2,741,348
Serial Bonds Defeased							(7,940,000)			(13,500,000)
Bond Issuance Costs							(105,722)			(125,042)
Deferred Interest							(457,264)			(1,226,306)
NJEDA/SDA Grants		(235,501)			(136,816)					
Insurance Recovery Related to Other Costs of Super Storm Sandy								227,096		
Capital Leases								1,642,542	773,104	804,903
Transfers	(10,000)	(10,000)	(10,000)	(25,000)		964				
Total Other Financing Sources/(Uses)	(10,000)	21,054,499	(10,000)	(25,000)	(136,816)	964	-0-	1,869,638	773,104	804,903
Net Change in Fund Balances	\$ (535,343)	\$ 22,275,669	\$ (3,860,706)	#####	\$ (2,325,862)	\$ (1,793,883)	\$ 127,001	\$ (1,141,182)	\$ (2,604,894)	\$ (1,117,346)
Debt Service as a % of Noncapital Expenditures	5.40%	4.86%	5.68%	6.47%	6.20%	6.13%	5.95%	5.71%	5.53%	5.23%

MILLBURN TOWNSHIP SCHOOL DISTRICT  
GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE  
LAST TEN FISCAL YEARS  
UNAUDITED  
*(Modified Basis of Accounting)*

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Interest on</u> <u>Investments</u>	<u>Tuition</u> <u>from</u> <u>Other LEAs</u>	<u>Pre-School</u> <u>Tuition</u>	<u>Subscription</u> <u>Busing</u>	<u>Rentals</u>	<u>Prior Year</u> <u>Refunds</u>	<u>Miscellaneous</u>	<u>Total</u>
2006	\$ 526,300	\$ 190,797			\$ 69,097	\$ 54,943	\$ 49,028	\$ 890,165
2007	760,305	159,625			30,463	88,080	106,782	1,145,255
2008	600,704	179,283			80,386	96,134	29,246	985,753
2009	211,326	169,993			36,631	227,036	13,038	658,024
2010	42,268	305,093			25,364	74,452	101,687	548,864
2011	17,822	344,740	\$ 134,613		12,166	77,735	2,870	589,946
2012	2,119	372,203	132,602	\$ 602,560	34,187	120,417	69,090	1,333,178
2013	2,045	256,439	127,252	648,246	40,484	117,326	96,731	1,288,523
2014	396	200,806	122,758	653,446	40,507	119,204	60,529	1,197,646
2015	274	103,634	111,497	680,764	46,111	148,397	70,448	1,161,125

Source: Millburn Township School District Financial Reports.

MILLBURN TOWNSHIP SCHOOL DISTRICT  
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY  
LAST TEN YEARS  
UNAUDITED

Year Ended Dec. 31	Vacant Land	Residential	Farm Regular	Farm Qualified	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities <sup>a</sup>	Net Valuation Taxable	Tax Exempt Property	Total Direct School Tax Rate <sup>b</sup>	Estimated Actual (County Equalized Value)
2005	\$ 38,494,800	\$4,769,923,800	\$ -0-	\$ -0-	\$ 1,056,553,000	\$ 38,446,400	\$ 52,560,200	\$ 5,955,978,200	\$ 6,490,169	\$ 5,962,468,369	\$424,185,500	\$ 1.02	\$ 7,608,355,709
2006	50,871,500	4,783,426,000	-0-	-0-	992,953,900	38,646,400	52,560,200	5,918,458,000	5,681,047	5,924,139,047	426,681,000	1.08	7,582,715,571
2007 *	50,171,400	6,700,006,700	-0-	-0-	1,499,525,400	46,886,300	69,207,300	8,365,797,100	6,674,924	8,372,472,024	482,732,800	0.81	8,220,328,641
2008	53,816,500	6,711,349,000	-0-	-0-	1,421,030,800	48,538,600	69,207,300	8,303,942,200	6,894,255	8,310,836,455	482,317,100	0.85	8,642,624,056
2009	44,464,600	6,718,098,500	-0-	-0-	1,367,681,100	48,538,600	67,973,200	8,246,756,000	7,848,236	8,254,604,236	494,661,700	0.88	8,995,863,378
2010	41,703,600	6,697,058,100	-0-	-0-	1,359,551,000	46,725,400	64,966,900	8,210,005,000	8,868,128	8,218,873,128	496,767,900	0.90	8,983,668,604
2011	44,333,300	6,678,195,000	-0-	-0-	1,354,321,500	46,725,400	64,966,900	8,188,542,100	8,446,336	8,196,988,436	496,815,700	0.92	8,828,568,196
2012	40,099,700	6,652,742,700	-0-	-0-	1,327,496,900	46,725,400	64,966,900	8,132,031,600	8,473,300	8,140,504,900	495,539,100	0.93	8,677,645,021
2013	42,556,000	6,665,839,600	-0-	-0-	1,302,427,100	46,725,400	64,716,900	8,122,265,000	7,260,392	8,129,525,392	495,084,100	0.94	8,563,546,509
2014	46,098,900	6,682,717,200	-0-	-0-	1,298,275,300	45,689,300	64,716,900	8,137,497,600	6,574,437	8,144,072,037	501,790,300	0.96	8,655,142,059

Note: Real property is required to be assessed at some percentage of true value (fair or market value) established by each county board of taxation. Reassessment occurs when ordered by the County Board of Taxation.

<sup>a</sup> Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies.

<sup>b</sup> Tax rates are per \$100 of assessed value.

\* Revaluation became effective in this year.

Exhibit J-7

MILLBURN TOWNSHIP SCHOOL DISTRICT  
DIRECT AND OVERLAPPING PROPERTY TAX RATES  
LAST TEN YEARS  
UNAUDITED  
*(Rate per \$100 of Assessed Value)*

Year Ended December 31,	Millburn Township School District Direct Rate			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate <sup>a</sup>	General Obligation Debt Service <sup>b</sup>	Total Direct	Millburn Township	Essex County	
2005	\$ 0.96	\$ 0.06	\$ 1.02	\$ 0.47	\$ 0.56	\$ 2.05
2006	1.02	0.06	1.08	0.50	0.54	2.12
2007	* 0.77	0.05	0.81	0.39	0.38	1.58
2008	0.79	0.06	0.85	0.42	0.40	1.67
2009	0.83	0.05	0.88	0.44	0.43	1.75
2010	0.85	0.05	0.90	0.45	0.44	1.79
2011	0.87	0.05	0.92	0.46	0.47	1.85
2012	0.88	0.05	0.93	0.47	0.49	1.89
2013	0.89	0.05	0.94	0.45	0.51	1.90
2014	0.91	0.05	0.96	0.46	0.55	1.98

Note: NJSA 18A:7F-5d limits the amount that the District can submit for a General Fund tax levy. The levy when added to other components of the District's net budget may not exceed the prebudget year net budget by more than the spending growth limitation calculation.

<sup>a</sup> The District's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net Valuation Taxable.

<sup>b</sup> Rates for debt service are based on each year's requirements.

\* Revaluation became effective in this year.

## Exhibit J-8

MILLBURN TOWNSHIP SCHOOL DISTRICT  
PRINCIPAL PROPERTY TAX PAYERS,  
CURRENT YEAR AND NINE YEARS AGO

Taxpayer	2014		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Short Hills Association, LLC C/O Taubman	\$ 700,000,000	1	8.60%
Short Hills Hilton LLC	75,960,000	2	0.93%
Reckson Short Hills LLC	57,761,100	3	0.71%
101/103 JFK Parkway Special LLC Corp	45,000,000	4	0.55%
Mack- Cali Realty Corp	38,705,200	5	0.48%
New Creek II LLC/ Bollard Group	19,857,700	6	0.24%
Canoe Brook Country Club	19,385,000	7	0.24%
Stone Mountain Properties	17,840,700	8	0.22%
A&R Millburn Associates/ Ackerman	17,223,100	9	0.21%
MSS Millburn Realty Co.	17,193,900	10	0.21%
Total	<u>\$ 1,008,926,700</u>		<u>12.39%</u>

Taxpayer	2005		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Short Hills Association, LLC C/O Taubman	\$ 445,000,000	1	7.46%
Reckson Short Hills LLC	63,338,600	2	1.06%
Short Hills Hilton LLC	56,940,000	3	0.95%
Reckson Operating Partnership LP	48,223,200	4	0.81%
Mack Properties #3	37,886,100	5	0.64%
Prima III, LLC	17,971,000	6	0.30%
Individual Taxpayer #1	15,533,500	7	0.26%
Canoe Brook Country Club	15,269,000	8	0.26%
Millburn Common Associates	14,400,000	9	0.24%
Stone Mountain Properties	13,656,200	10	0.23%
Total	<u>\$ 728,217,600</u>		<u>12.21%</u>

Note - A revaluation was effective in 2007.

Source: Millburn Township Tax Assessor.

Exhibit J-9

MILLBURN TOWNSHIP SCHOOL DISTRICT  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS  
UNAUDITED

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Taxes Levied</u> <u>for the</u> <u>Fiscal Year</u>	<u>Collected within the</u> <u>Fiscal Year of the Levy</u> <sup>a</sup>		<u>Collections in</u> <u>Subsequent</u> <u>Years</u>
		<u>Amount</u>	<u>Percentage</u> <u>of Levy</u>	
2006	\$ 61,441,644	\$ 61,441,644	100.00%	\$ - 0 -
2007	65,730,269	65,730,269	100.00%	- 0 -
2008	68,993,148	68,993,148	100.00%	- 0 -
2009	72,202,849	72,202,849	100.00%	- 0 -
2010	73,699,288	73,699,288	100.00%	- 0 -
2011	74,660,430	74,660,430	100.00%	- 0 -
2012	75,580,930	75,580,930	100.00%	- 0 -
2013	76,343,886	76,343,886	100.00%	- 0 -
2014	77,836,315	77,836,315	100.00%	- 0 -
2015	79,275,406	79,275,406	100.00%	- 0 -

<sup>a</sup> School taxes are collected by the Municipal Tax Collector. Under New Jersey State Statute, a municipality is required to remit to the School District the entire property tax balance, in the amount voted upon or certified prior to the end of the school year.

Source: Millburn Township School District records including the Certificate and Report of School Taxes (A4F form).

## Exhibit J-10

MILLBURN TOWNSHIP SCHOOL DISTRICT  
RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS  
UNAUDITED

Fiscal Year Ended June 30,	Governmental Activities			Total District	Percentage of Personal Income <sup>a</sup>	Per Capita <sup>a</sup>
	General Obligation Bonds	Obligations Under Capital Leases	Bond Anticipation Notes (BANs)			
2006	\$ 38,714,000	\$ - 0 -	\$ 600,000	\$ 39,314,000	4.39%	\$ 2,091
2007	58,474,000	- 0 -	- 0 -	58,474,000	6.29%	3,144
2008	56,364,000	- 0 -	- 0 -	56,364,000	5.98%	3,051
2009	53,409,000	- 0 -	- 0 -	53,409,000	5.79%	2,880
2010	50,389,000	- 0 -	- 0 -	50,389,000	4.87%	2,506
2011	47,324,000	- 0 -	- 0 -	47,324,000	4.39%	2,353
2012	44,019,000	- 0 -	- 0 -	44,019,000	4.03%	2,187
2013	40,769,000	1,295,345	- 0 -	42,064,345	3.81%	2,081
2014	37,454,000	1,654,759	- 0 -	39,108,759	3.51%	1,917
2015	32,689,000	1,944,090	\$ 1,073,000	35,706,090	3.21%	1,750

Note: Details regarding the District's outstanding debt can be found in the notes to the financial statements.

<sup>a</sup> See Exhibit J-14 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

Exhibit J-11

MILLBURN TOWNSHIP SCHOOL DISTRICT  
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING  
LAST TEN FISCAL YEARS  
UNAUDITED

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Net Valuation Taxable <sup>a</sup>	Per Capita <sup>b</sup>
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2006	\$ 38,714,000	\$ - 0 -	\$ 38,714,000	0.65%	\$ 2,059
2007	58,474,000	- 0 -	58,474,000	0.99%	3,144
2008	56,364,000	- 0 -	56,364,000	0.67%	3,051
2009	53,409,000	- 0 -	53,409,000	0.64%	2,880
2010	50,389,000	- 0 -	50,389,000	0.61%	2,506
2011	47,324,000	- 0 -	47,324,000	0.58%	2,353
2012	44,019,000	- 0 -	44,019,000	0.54%	2,187
2013	40,769,000	- 0 -	40,769,000	0.50%	2,017
2014	37,454,000	- 0 -	37,454,000	0.46%	1,836
2015	32,689,000	- 0 -	32,689,000	0.40%	1,602

Note: Details regarding the District's outstanding debt can be found in the notes to the financial statements.

<sup>a</sup> See Exhibit J-6 for property tax data. This ratio is calculated using valuation data for the prior calendar year.

<sup>b</sup> See Exhibit J-14 for population data. This ratio is calculated using population for the prior calendar year.

Source: Millburn Township School District Financial Reports

Exhibit J-12

MILLBURN TOWNSHIP SCHOOL DISTRICT  
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF DECEMBER 31, 2014  
UNAUDITED

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable<sup>a</sup></u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid With Property Taxes:			
Township of Millburn	\$ 12,449,745	100.00%	\$ 12,449,745
Essex County General Obligation Debt	2,834,495	10.58%	<u>300,008</u>
Subtotal, Overlapping Debt			12,749,753
Millburn Township School District Direct Debt			<u>35,468,090</u>
Total Direct and Overlapping Debt			<u><u>\$ 48,217,843</u></u>

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Millburn. This process recognizes that, when considering the District's ability to issue and repay long-term, the entire debt burden borne by the residents and businesses should be taken into account. However this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping unit.

a For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable equalized property values. Applicable percentages were estimated by determining the portion of another governmental unit's equalized property value that is within the district's boundaries and dividing it by each unit's total equalized property value.

Sources: Assessed value data used to estimate applicable percentages provided by the Essex County Board of Taxation; debt outstanding data provided by each governmental unit.

MILLBURN TOWNSHIP SCHOOL DISTRICT  
LEGAL DEBT MARGIN INFORMATION  
LAST TEN FISCAL YEARS  
UNAUDITED

	Fiscal Year Ended June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Debt Limit	\$ 280,059,900	\$ 302,430,897	\$ 325,056,078	\$ 346,075,249	\$ 357,761,922	\$ 359,738,783	\$ 353,436,053	\$ 351,159,730	\$ 348,387,301	\$ 352,803,690
Total Net Debt Applicable to Limit	38,714,000	58,474,000	56,364,000	53,409,000	50,389,000	47,324,000	44,019,000	40,769,000	37,454,000	32,689,000
Legal Debt Margin	<u>\$ 241,345,900</u>	<u>\$ 243,956,897</u>	<u>\$ 268,692,078</u>	<u>\$ 292,666,249</u>	<u>\$ 307,372,922</u>	<u>\$ 312,414,783</u>	<u>\$ 309,417,053</u>	<u>\$ 310,390,730</u>	<u>\$ 310,933,301</u>	<u>\$ 320,114,690</u>
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	13.82%	19.33%	17.34%	15.43%	14.08%	13.16%	12.45%	11.61%	10.75%	9.27%

Legal Debt Margin Calculation for Fiscal Year 2015

Equalized valuation basis	
2014	\$ 9,309,572,818
2013	8,608,653,948
2012	<u>8,542,050,000</u>
	<u>\$ 26,460,276,766</u>
Average Equalized Valuation of Taxable Property	<u>\$ 8,820,092,255</u>
Debt Limit (4% of average equalization value) <sup>a</sup>	\$ 352,803,690
Net Bonded School Debt	<u>32,689,000</u>
Legal Debt Margin	<u>\$ 320,114,690</u>

<sup>a</sup> Limit set by NJSA 18A:24-19 for a K through 12 district; other % limits would be applicable for other districts.

Exhibit J-14

MILLBURN TOWNSHIP SCHOOL DISTRICT  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN FISCAL YEARS  
UNAUDITED

<u>Year</u>	<u>Population <sup>a</sup></u>	<u>Essex County Per Capita Personal Income <sup>b</sup></u>	<u>Millburn Township Personal Income <sup>c</sup></u>	<u>Unemployment Rate <sup>d</sup></u>
2006	18,802	\$ 47,603	\$ 895,031,606	2.10%
2007	18,598	49,962	929,193,276	1.90%
2008	18,476	51,038	942,978,088	2.40%
2009	18,547	49,750	922,713,250	4.80%
2010	20,107	51,422	1,033,942,154	4.80%
2011	20,112	53,597	1,077,942,864	4.60%
2012	20,132	54,318	1,093,529,976	4.70%
2013	20,215	54,606	1,103,860,290	3.80%
2014	20,401	54,606 *	1,114,017,006	3.60%
2015	20,401 **	54,606 *	1,114,017,006 ***	N/A

\* - Latest Essex County per capita personal income available (2013) was used for calculation purposes.

\*\* - Latest population data available (2014) was used for calculation purposes.

\*\*\* - Latest available population data (2014) and latest available Sussex County per capita personal income

N/A - Information is not available.

Sources:

- <sup>a</sup> Population information provided by the NJ Department of Labor and Workforce Development.
- <sup>b</sup> Per capita personal income by municipality estimated based upon the 2000 Census published by the US Bureau of Economic Analysis.
- <sup>c</sup> Personal income has been estimated based upon the municipal population and per capita personal income presented.
- <sup>d</sup> Unemployment data provided by the NJ Department of Labor and Workforce Development.

Exhibit J-15

MILLBURN TOWNSHIP SCHOOL DISTRICT  
PRINCIPAL EMPLOYERS - COUNTY OF ESSEX  
CURRENT YEAR AND NINE YEARS AGO  
UNAUDITED

Employer	2014		Percentage of Total Employment
	Employees	Rank	
St. Barnabas Health Care System	23,000	1	6.64%
Verizon	17,100	2	4.94%
Prudential Ins. Co. of America	16,850	3	4.87%
Rutgers University-Newark Campus	15,500	4	4.48%
Continental Airlines	11,000	5	3.18%
Newark Board of Education	7,050	6	2.04%
Automatic Data Processing	5,649	7	1.63%
New Jersey Transit	4,000	8	1.16%
City of Newark	4,000	9	1.16%
Essex County	3,500	10	1.01%
	107,649		31.09%
Total Employment	346,237		

Employer	2005		Percentage of Total Employment
	Employees	Rank (Optional)	

INFORMATION IS NOT AVAILABLE

MILLBURN TOWNSHIP SCHOOL DISTRICT  
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM,  
LAST NINE FISCAL YEARS  
UNAUDITED

<u>Function/Program</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
<b>Instruction:</b>									
Regular	339	344	350	353	337	327	333	332	328
Special Education	52	52	55	54	58	61	59	62	64
Other Instruction	12	12	12	12	12	13	16	18	19
<b>Support Services:</b>									
Student & Instruction Related Services	148	147	150	146	132	127	131	135	146
School Administration	30	29	29	29	31	31	31	31	30
General Administration	4	4	4	4	4	4	4	4	3
Plant Operations and Maintenance	136	133	134	132	130	130	135	145	145
Pupil Transportation	19	17	18	17	16	14	15	15	15
Business and Other Support Services	18	18	19	19	19	17	17	17	19
<b>Total</b>	<b><u>758</u></b>	<b><u>756</u></b>	<b><u>771</u></b>	<b><u>766</u></b>	<b><u>739</u></b>	<b><u>724</u></b>	<b><u>741</u></b>	<b><u>759</u></b>	<b><u>769</u></b>

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2005.

Source: Millburn Township School District Personnel Records.

MILLBURN TOWNSHIP SCHOOL DISTRICT  
OPERATING STATISTICS  
LAST TEN FISCAL YEARS  
UNAUDITED

Fiscal Year End June 30,	Enrollment	Operating Expenditures <sup>a</sup>	Cost Per Pupil <sup>b</sup>	Percentage Change	Teaching Staff <sup>c</sup>	Pupil/Teacher Ratio			Average Daily Enrollment (ADE) <sup>d</sup>	Average Daily Attendance (ADA) <sup>d</sup>	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary School	Middle School	High School				
2006	4,573	\$ 66,812,304	\$ 14,610	1.74%	370	1:20	1:23	1:20	4,573	4,330	3.44%	94.69%
2007	4,583	72,971,837	15,922	8.98%	377	1:20	1:23	1:20	4,583	4,348	0.22%	94.87%
2008	4,669	76,101,119	16,299	2.37%	380	1:20	1:23	1:21	4,669	4,436	1.88%	95.01%
2009	4,770	77,677,143	16,285	-0.09%	388	1:20	1:23	1:21	4,770	4,521	2.16%	94.78%
2010	4,818	80,110,908	16,627	2.11%	397	1:20	1:20	1:22	4,818	4,580	1.01%	95.06%
2011	4,927	79,699,625	16,176	-2.71%	394	1:20	1:20	1:23	4,927	4,681	2.26%	95.01%
2012	4,908	81,104,579	16,525	2.16%	383	1:20	1:21	1:21	4,908	4,681	-0.39%	95.37%
2013	4,962	83,319,364	16,791	1.61%	389	1:20	1:21	1:22	4,962	4,717	1.10%	95.06%
2014	4,907	84,912,806	17,304	3.05%	389	1:20	1:21	1:18	4,907	4,678	-1.11%	95.33%
2015	4,886	88,654,835	18,145	4.86%	398	1:20	1:21	1:19	4,882	4,654	-0.51%	95.33%

Note: Enrollment based on annual October District count.

<sup>a</sup> Operating expenditures equal total expenditures less debt service and capital outlay.

<sup>b</sup> Cost Per Pupil calculated above is the sum of operating expenditures divided by enrollment. This may be different from the State's Cost Per Pupil calculations.

<sup>c</sup> Teaching staff includes only full-time equivalents of certificated staff.

<sup>d</sup> Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

MILLBURN TOWNSHIP SCHOOL DISTRICT  
SCHOOL BUILDING INFORMATION  
LAST NINE FISCAL YEARS  
UNAUDITED

District Building	2007	2008	2009	2010	2011	2012	2013	2014	2015
Deerfield Elementary School (1962)									
Square Feet	70,084	70,084	70,084	70,084	70,084	70,084	70,084	70,084	70,084
Capacity (Students)	500	500	500	500	500	500	590	590	590
Enrollment	507	492	488	481	517	545	585	575	569
Glenwood Elementary School (1938)									
Square Feet	49,243	49,243	49,243	49,243	49,243	49,243	49,243	49,243	49,243
Capacity (Students)	425	425	425	425	425	425	502	502	502
Enrollment	475	502	516	529	490	489	490	464	478
Hartshorn Elementary School (1958)									
Square Feet	67,999	67,999	67,999	67,999	67,999	67,999	67,999	67,999	67,999
Capacity (Students)	513	513	513	513	513	513	603	603	603
Enrollment	558	540	527	504	537	545	548	542	544
South Mountain Elementary School (1935)									
Square Feet	49,358	49,358	49,358	49,358	49,358	49,358	49,358	49,358	49,358
Capacity (Students)	348	348	348	348	348	348	439	439	439
Enrollment	370	362	357	375	393	363	364	333	357
Wyoming Elementary School (1927)									
Square Feet	58,242	58,242	58,242	58,242	58,242	58,242	58,242	58,242	58,242
Capacity (Students)	343	343	343	343	343	343	374	374	374
Enrollment	328	305	305	341	344	338	336	332	350
Millburn Middle School (1930)									
Square Feet	146,699	146,699	146,699	181,908	181,908	235,541	235,541	235,541	235,541
Capacity (Students)	966	966	966	1,094	1,094	1,094	1,047	1,047	1,047
Enrollment	1,064	1,056	1,116	1,111	1,157	1,148	1,121	1,140	1,124

MILLBURN TOWNSHIP SCHOOL DISTRICT  
SCHOOL BUILDING INFORMATION  
LAST NINE FISCAL YEARS  
UNAUDITED

District Building	2007	2008	2009	2010	2011	2012	2013	2014	2015
Millburn High School (1955)									
Square Feet	201,858	201,858	201,858	227,619	227,619	392,358	392,358	392,358	392,358
Capacity (Students)	1,394	1,394	1,394	1,763	1,763	1,763	2,104	2,100	2,100
Enrollment	1,287	1,379	1,392	1,406	1,489	1,480	1,518	1,521	1,464
Education Center/Board Office (1968)									
Square Feet	14,375	14,375	14,375	14,375	14,375	14,375	14,375	14,375	14,375
Maintenance Building (1968)									
Square Feet	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500

Number of Schools at June 30, 2015:

- Elementary = 5
- Middle School = 1
- High School = 1
- Other = 2

Note: Enrollment is based on the annual October District count. Year of original construction is shown in parentheses.

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2005.

Source: Millburn Township School District Facilities Office.

MILLBURN TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF REQUIRED MAINTENANCE  
LAST TEN FISCAL YEARS  
UNAUDITED

Undistributed Expenditures - Required Maintenance for School Facilities\*  
 Account Number 11-000-261-XXX

Fiscal Year Ended June 30,	Deerfield Elementary School	Glenwood Elementary School	Hartshorn Elementary School	South Mountain Elementary School	Wyoming Elementary School	Millburn Middle School	Millburn High School	Education Center	Total
2006	\$ 70,389	\$ 118,429	\$ 100,318	\$ 72,089	\$ 77,305	\$ 182,365	\$ 238,665		\$ 859,560
2007	80,520	83,628	79,426	53,974	81,189	180,342	259,444		818,523
2008	81,222	87,343	80,313	64,212	78,485	198,101	322,487		912,163
2009	106,418	84,945	99,414	91,679	96,403	232,091	248,369		959,319
2010	98,194	71,325	85,400	58,876	86,586	219,983	240,492	\$ 22,686	883,542
2011	84,344	99,432	94,342	64,774	73,278	131,993	242,467	27,498	818,128
2012	88,768	128,743	118,515	106,323	74,498	319,423	328,008	63,181	1,227,459
2013	77,453	49,107	101,072	48,630	62,583	255,187	619,663	23,970	1,237,665
2014	77,456	70,091	77,002	59,471	71,059	327,536	627,391	20,860	1,330,866
2015	91,340	85,828	77,958	55,615	80,508	356,887	467,691	31,348	1,247,175

\* School facilities as defined under EFCFA (N.J.A.C. 6A:26-1.2 and N.J.A.C. 6A:26A-1.3).

MILLBURN TOWNSHIP SCHOOL DISTRICT  
INSURANCE SCHEDULE  
AS OF JUNE 30, 2015  
UNAUDITED

	<u>Coverage</u>	<u>Deductible</u>
Utica National Insurance Group:		
Commercial Package:		
Property Coverage:		
Building and Contents	\$ 148,599,396	\$ 1,000
Water Damage	250,000	1,000
Computers, Software, Cameras, Musical Instruments	10,000 to 4,520,000	1,250
Crime (Employee Dishonesty)	100,000	500
General Liability:		
Aggregate	3,000,000	
Occurrence	1,000,000	
Board Members, School District & Educators		
Legal Liability, Extended Coverage		
Aggregate	1,000,000	
Occurrence	2,000,000	10,000
Automobile:		
Liability	1,000,000	
Comprehensive	Actual Cash Value	500
Collision	Actual Cash Value	1,000
Umbrella Liability	15,000,000	10,000
Fireman's Fund Insurance Company:		
Excess Umbrella Liability	50,000,000	15,000,000
Markel Insurance Company:		
Volunteer Accident- Aggregate	250,000	
Accident Medical Expense	10,000	
Accidental Death & Dismemberment	5,000	
Pooled Insurance Program of New Jersey:		
Workers' Compensation	First 350,000	of each claim
Star Insurance Company:		
Workers' Compensation - Excess over \$350,000:	Statutory	
Employer's Liability	1,000,000	
Student Athletic Accident:		
Compulsory Coverage All Students	550,000	
Blanket Athletic Coverage Including All Interscholastic Sports and High School Football	5,000,000	
Public Official Bonds (Utica Mutual Insurance Company):		
School Business Administrator	249,000	
Treasurer	400,000	

Source: Millburn Township School District records.

SINGLE AUDIT SECTION



Mount Arlington Corporate Center  
 200 Valley Road, Suite 300  
 Mt. Arlington, NJ 07856  
 973-328-1825 | 973-328-0507 Fax

Lawrence Business Center  
 11 Lawrence Road  
 Newton, NJ 07860  
 973-383-6699 | 973-383-6555 Fax

Report on Internal Control over Financial Reporting and  
 on Compliance and Other Matters Based on an Audit of Financial Statements  
 Performed in Accordance with *Government Auditing Standards*

Independent Auditors' Report

The Honorable President and Members  
 of the Board of Education  
 Millburn Township School District  
 County of Essex, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Department"), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Township of Millburn, in the County of Essex (the "District") as of and for the fiscal year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 3, 2015.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The Honorable President and Members  
of the Board of Education  
Millburn Township School District  
Page 2

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District’s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the District’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Nisivoccia, LLP*

December 3, 2015  
Mount Arlington, New Jersey

NISIVOCCIA, LLP

*Kathryn L. Mantell*

\_\_\_\_\_  
Kathryn L. Mantell  
Licensed Public School Accountant #884  
Certified Public Accountant



Mount Arlington Corporate Center  
 200 Valley Road, Suite 300  
 Mt. Arlington, NJ 07856  
 973-328-1825 | 973-328-0507 Fax

Lawrence Business Center  
 11 Lawrence Road  
 Newton, NJ 07860  
 973-383-6699 | 973-383-6555 Fax

Report on Compliance For Each Major Federal and State Program;  
 Report on Internal Control Over Compliance Required by OMB Circular A-133  
 and New Jersey's OMB Circulars 04-04 and 15-08

Independent Auditors' Report

The Honorable President and Members  
 of the Board of Education  
 Millburn Township School District  
 County of Essex, New Jersey

**Report on Compliance for Each Major Federal and State Program**

We have audited the Board of Education of the Township of Millburn's (the "District's") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the *New Jersey State Aid/ Grant Compliance Supplement* that could have a direct and material effect on each of the District's major federal and state programs for the fiscal year ended June 30, 2015. The District's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal and state programs.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of the District's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and New Jersey's OMB Circular 04-04 and 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. Those standards, OMB Circular A-133 and New Jersey's OMB Circulars 04-04 and 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. However, our audit does not provide a legal determination of the District's compliance.

***Opinion on Each Major Federal and State Program***

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2015.

The Honorable President and Members  
of the Board of Education  
Millburn Township School District  
Page 2

### Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and NJOMB 04-04 and 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of District's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results that the testing based on the requirements of OMB Circular A-133 or NJOMB 04-04 and 15-08. Accordingly, this report is not suitable for any other purpose.

*Nisivoccia, LLP*

NISIVOCCIA, LLP

*Kathryn L. Mantell*

Kathryn L. Mantell  
Licensed Public School Accountant #884  
Certified Public Accountant

December 3, 2015  
Mount Arlington, New Jersey

MILLBURN TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Federal Grantor/Pass Through Grantor/ Program/Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2014 Budgetary Accounts Receivable	Cash Received	Budgetary Expenditures	Balance at June 30, 2015 Budgetary Accounts Receivable
<u>U.S. Department of Agriculture:</u>								
Passed-through State Department of Agriculture:								
Child Nutrition Cluster:								
National School Lunch Program	10.555	N/A	7/1/13-6/30/14	\$ 21,245	\$ (4,410)	\$ 4,410		
Total Child Nutrition Cluster/U.S. Department of Agriculture					(4,410)	4,410		
<u>U.S. Department of Education:</u>								
Passed-through State Department of Education:								
<u>Special Revenue Fund:</u>								
Special Education Cluster:								
I.D.E.A. Part B, Basic	84.027	IDEA359015	7/1/14-6/30/15	952,303		798,303	\$ (929,659)	\$ (131,356)
I.D.E.A. Part B, Basic	84.027	IDEA359014	7/1/13-6/30/14	915,144	(125,892)	125,892		
I.D.E.A. Preschool	84.173	IDEA359015	7/1/14-6/30/15	55,751		27,175	(32,770)	(5,595)
I.D.E.A. Preschool	84.173	IDEA359014	7/1/13-6/30/14	44,043	(18,206)	18,206		
Total Special Education Cluster					(144,098)	969,576	(962,429)	(136,951)
No Child Left Behind:								
Title I	84.010	NCLB359015	7/1/14-6/30/15	263,669		196,540	(252,586)	(56,046)
Title I	84.010	NCLB359014	7/1/13-6/30/14	249,352	(54,439)	54,439		
Total Title I					(54,439)	250,979	(252,586)	(56,046)
Title IIA	84.367	NCLB359015	7/1/14-6/30/15	49,277		34,733	(45,805)	(11,072)
Title IIA	84.367	NCLB359014	7/1/13-6/30/14	55,263	(46,582)	46,582		
Title III	84.365	NCLB359015	7/1/14-6/30/15	17,897		10,917	(17,897)	(6,980)
Title III	84.365	NCLB359014	7/1/13-6/30/14	21,114	(8,623)	8,623		
Total Special Revenue Fund					(253,742)	1,321,410	(1,278,717)	(211,049)
Total U.S. Department of Education					(253,742)	1,321,410	(1,278,717)	(211,049)
Total Federal Awards					\$ (258,152)	\$ 1,325,820	\$ (1,278,717)	\$ (211,049)

N/A - Not Available/Applicable

SEE THE ACCOMPANYING NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

MILLBURN TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF OF EXPENDITURES OF STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2014			Budgetary Expenditures	Repayment of Prior Years' Balances	Balance at June 30, 2015		MEMO	
				Budgetary Accounts Receivable	Due to Grantor	Cash Received			GAAP Accounts Receivable	Due to Grantor	Budgetary Accounts Receivable	Cumulative Total Expenditures
<b>State Department of Education:</b>												
General Fund State Aid:												
Special Education Aid	15-495-034-5120-089	7/1/14-6/30/15	\$ 1,673,693			\$ 1,515,805	\$ (1,673,693)				\$ (157,888)	\$ 1,673,693
Security Aid	15-495-034-5120-084	7/1/14-6/30/15	76,672			69,439	(76,672)				(7,233)	76,672
Transportation Aid	15-495-034-5120-014	7/1/14-6/30/15	132,617			120,106	(132,617)				(12,511)	132,617
PARCC Readiness	15-495-034-5120-098	7/1/14-6/30/15	49,400			44,740	(49,400)				(4,660)	49,400
Per Pupil Growth Aid	15-495-034-5120-097	7/1/14-6/30/15	49,400			44,740	(49,400)				(4,660)	49,400
Extraordinary Special Education Costs Aid	15-100-034-5120-473	7/1/14-6/30/15	515,504				(515,504)		\$ (515,504)		(515,504)	515,504
Excess Nonpublic Transportation Costs	15-495-034-5120-014	7/1/14-6/30/15	51,198				(51,198)		(51,198)		(51,198)	51,198
Reimbursed TPAF Social Security Contributions	15-495-034-5095-002	7/1/14-6/30/15	3,015,426			2,864,575	(3,015,426)		(150,851)		(150,851)	3,015,426
Special Education Aid	14-495-034-5120-089	7/1/13-6/30/14	1,673,693	\$ (158,258)		158,258						1,673,693
Security Aid	14-495-034-5120-084	7/1/13-6/30/14	76,672	(7,250)		7,250						76,672
Transportation Aid	14-495-034-5120-014	7/1/13-6/30/14	132,617	(12,540)		12,540						132,617
Extraordinary Special Education Costs Aid	14-100-034-5120-473	7/1/13-6/30/15	464,395	(459,596)		464,395	(4,799)					464,395
Excess Nonpublic Transportation Costs	14-495-034-5120-014	7/1/13-6/30/14	44,623	(44,623)		44,623						44,623
Reimbursed TPAF Social Security Contributions	14-495-034-5095-002	7/1/13-6/30/14	3,017,781	(150,234)		150,234						3,017,781
Subtotal - General Fund				(832,501)		5,496,705	(5,568,709)		(717,553)		(904,505)	10,973,691
Debt Service Fund Aid:												
Debt Service Aid - State Support	15-100-034-5120-125	7/1/14-6/30/15	242,821			242,821	(242,821)					242,821
Subtotal - Debt Service Fund						242,821	(242,821)					242,821
Special Revenue Fund Aid:												
Nonpublic Auxiliary Services:												
Compensatory Education	15-100-034-5120-067	7/1/14-6/30/15	17,916			17,916	(11,556)		\$ 6,360			11,556
Compensatory Education	14-100-034-5120-067	7/1/13-6/30/14	25,680		\$ 6,078			\$ (6,078)				19,602
English as a Second Language	15-100-034-5120-067	7/1/14-6/30/15	2,101			2,101	(2,010)			91		2,010
English as a Second Language	14-100-034-5120-067	7/1/13-6/30/14	873		436			(436)				437
Home Instruction	14-100-034-5120-067	7/1/13-6/30/14	290	(290)		290						290
Nonpublic Handicapped Services:												
Supplementary Instruction	15-100-034-5120-066	7/1/14-6/30/15	24,640			24,640	(22,285)			2,355		22,285
Supplementary Instruction	14-100-034-5120-066	7/1/13-6/30/14	19,428		1,249			(1,249)				18,179
Corrective Speech	15-100-034-5120-066	7/1/14-6/30/15	41,525			41,525	(38,521)			3,004		38,521
Corrective Speech	14-100-034-5120-066	7/1/13-6/30/14	40,622		5,390			(5,390)				35,232
Examination and Classification	15-100-034-5120-066	7/1/14-6/30/15	68,577			68,577	(63,737)			4,840		63,737
Examination and Classification	14-100-034-5120-066	7/1/13-6/30/14	66,695		14,319			(14,319)				52,376
N.J. Nonpublic Textbook Aid	15-100-034-5120-064	7/1/14-6/30/15	32,053			32,053	(27,700)			4,353		27,700
N.J. Nonpublic Textbook Aid	14-100-034-5120-064	7/1/13-6/30/14	29,290		2,967			(2,967)				26,323
N.J. Nonpublic Nursing Aid	15-100-034-5120-070	7/1/14-6/30/15	51,124			51,124	(51,124)					51,124
N.J. Nonpublic Technology Initiative	15-100-034-5120-373	7/1/14-6/30/15	17,216			17,216	(16,748)			468		16,748
N.J. Nonpublic Technology Initiative	14-100-034-5120-373	7/1/13-6/30/14	10,680		1,948			(1,948)				8,732
Subtotal - Special Revenue Fund				(290)	32,387	255,442	(233,681)	(32,387)		21,471		394,852

MILLBURN TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF OF EXPENDITURES OF STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2014			Budgetary Expenditures	Repayment of Prior Years' Balances	Balance at June 30, 2015		MEMO	
				Budgetary Accounts Receivable	Due to Grantor	Cash Received			GAAP Accounts Receivable	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
<u>State Department of Education:</u>												
Food Service Fund:												
State School Lunch Program	14-100-010-3350-023	7/1/13-6/30/14	\$ 1,310	\$ (250)		\$ 250						\$ 1,310
Subtotal - Food Service Fund				(250)		250						1,310
Total State Department of Education				(833,041)	\$ 32,387	5,995,218	\$ (6,045,211)	\$ (32,387)	\$ (717,553)	\$ 21,471	\$ (904,505)	11,612,674
<u>NJ Schools Development Authority:</u>												
Capital Projects Fund:												
Educational Facilities Construction and Financing Act:												
Deerfield Partial Roof Replacement	3190-065-14-1004	6/6/14-6/30/15	435,655			435,655	(435,655)					435,655
Total NJ Schools Development Authority						435,655	(435,655)					435,655
Total State Awards				\$ (833,041)	\$ 32,387	\$ 6,430,873	\$ (6,480,866)	\$ (32,387)	\$ (717,553)	\$ 21,471	\$ (904,505)	\$ 12,048,329

SEE THE ACCOMPANYING NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

MILLBURN TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 1. BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards includes the federal and state grant activity of the Board of Education, Millburn Township School District under programs of the federal and state governments for the fiscal year ended June 30, 2015. The information in these schedules are presented in accordance with the Federal Office of Management and Budget (OMB), *Audits of States and Local Governments and Non-Profit Organizations* and New Jersey's OMB Circulars 04-04 and 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of the District, they are not intended to and do not present the financial position, changes in net position or cash flows of the District.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the accompanying schedules of expenditures of federal and state awards are reported on the budgetary basis of accounting with the exception of programs recorded in the Food Service Fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the Board's basic financial statements. Therefore, some amounts presented in these schedules may differ from amounts presented in, or used in the preparation of, the basic financial statements. Such expenditures are recognized following the cost principles contained in federal OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governmental Units*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through identifying numbers are presented where available.

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

The basic financial statements present the General and Special Revenue Funds on a GAAP basis. Budgetary comparison statements or schedules (RSI) are presented for the General and Special Revenue Funds to demonstrate finance-related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the audit year, whereas for GAAP reporting, revenue is not recognized until the subsequent year or when expenditures have been made.

The General Fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last two state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes those payments are not recognized until the subsequent budget year due to the state deferral and recording of the last two state aid payments in the subsequent year. The Special Revenue Fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenue, whereas the GAAP basis does not.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$8,904) for the General Fund, \$34,536 for the Special Revenue Fund (which is completely associated with local grants) and (\$638,725) for the Capital Projects Fund. See Note 1D for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the General Fund. Additionally, the schedule of expenditures of state awards does not include the TPAF On-Behalf Pension Contributions and on-behalf TPAF Post Retirement Medical Benefits Contributions revenue of \$2,199,576 and \$3,491,830, respectively. Revenue from federal and state awards is reported in the Board's basic financial statements on the GAAP basis as presented below:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 11,251,211	\$ 11,251,211
Special Revenue Fund	\$ 1,278,717	233,681	1,512,398
Capital Projects Funds		435,655	435,655
Debt Service Fund		242,821	242,821
Total Awards	<u>\$ 1,278,717</u>	<u>\$ 12,163,368</u>	<u>\$ 13,442,085</u>

MILLBURN TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE SCHEDULES OF FEDERAL AND STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

(Continued)

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal and state financial reports.

NOTE 5. OTHER

Revenue and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. TPAF Social Security contributions represent the amount reimbursed by the State for the employers' share of social security contributions for TPAF members for the fiscal year ended June 30, 2015.

NOTE 6. NJ SCHOOLS DEVELOPMENT AUTHORITY (NJSDA GRANTS)

The District has been awarded three grants in the amount of \$1,074,380 in the Capital Projects Fund from the New Jersey Schools Development Authority (NJSDA) under the Educational Facilities Construction and Financing Act. As of June 30, 2015, one of the three projects has been completed. As of June 30, 2015, \$435,655 of the grant funds has been expended and drawn down on a GAAP basis. In the Capital Projects Fund, the District realizes the full amount of the grant revenue on a budgetary basis in the year awarded and realizes the grant revenue on a GAAP basis as it is expended and submitted for reimbursement. Expenditures reported under the NJSDA on the Schedule of Expenditures of State Awards represent reimbursement requests submitted to the NJSDA.

MILLBURN TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Summary of Auditors' Results:

- The Independent Auditors' Report expresses an unmodified opinion on the financial statements of the District.
- There were no material weaknesses or significant deficiencies disclosed during the audit of the financial statements as reported in the *Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*.
- No instances of noncompliance material to the financial statements of the District which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- There were no material weaknesses or significant deficiencies in internal control over major federal and state programs disclosed during the audit as reported in the *Independent Auditors' Report on Compliance For Each Major Federal and State Program; Report on Internal Control Over Compliance Required by OMB Circular A-133 and New Jersey's OMB Circulars 04-04 and 15-08*.
- The auditor's report on compliance for the major federal and state programs for the District expresses an unmodified opinion on all major federal and state programs.
- The audit did not disclose any audit findings which are required to be reported under Federal OMB Circular A-133, *Audits of States, Local Governments, and Non-profit Organizations* and New Jersey's OMB Circulars 04-04 and 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*.
- The District's programs tested as major for the current fiscal year consisted of the following federal and state awards:

	C.F.D.A.#/ State Grant Number	Grant Period	Award Amount	Budgetary Expenditures
<u>Federal:</u>				
Special Education Cluster:				
I.D.E.A. Part B, Basic	84.027	7/1/14-6/30/15	\$ 952,303	\$ 929,659
I.D.E.A. Preschool	84.173	7/1/14-6/30/15	55,751	32,770
<u>State:</u>				
Reimbursed TPAF Social Security Contributions	15-495-034-5095-002	7/1/14-6/30/15	3,015,426	3,015,426
Extraordinary Special Education Costs Aid	15-100-034-5120-473 14-100-034-5120-473	7/1/14-6/30/15 7/1/13-6/30/15	515,504 464,395	515,504 4,799
Educational Facilities Construction Financing Act Grant	3190-065-14-1004	6/6/14-6/30/15	435,655	435,655

- The threshold used for distinguishing between federal and state Type A and Type B programs was \$300,000.
- The District was determined to be a "low-risk" auditee for both federal and state programs.

Findings Relating to the Financial Statements which are required to be Reported in Accordance with Generally Accepted Government Auditing Standards:

- The audit did not disclose any findings required to be reported under Generally Accepted Government Auditing Standards.

MILLBURN TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)

Summary of Auditors' Results: (Cont'd)

Findings and Questioned Costs for Federal Awards:

- The audit did not disclose any findings or questioned costs for federal awards as defined in section 510(a) of the Circular.

Findings and Questioned Costs for State Awards:

- The audit did not disclose any findings or questioned costs for state awards as defined in section 510(a) of the federal Circular and New Jersey's OMB Circulars 04-04 and 15-08.

MILLBURN TOWNSHIP SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Status of Prior Year Findings:

The District had no prior year audit findings.